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# The
# Things That Are Caesar's

## A DEFENCE OF WEALTH

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— by —

GUY MORRISON WALKER

Author of "Measure of Civilization," "Railroads and Wages," "Railroad Rates and Rebates," "Trust Companies," Etc.

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Measure of Civilization, pg. 21.

"And they sent unto him saying, Master, We know that thou teachest the way of truth, neither carest thou for any man. Tell us, therefore, Is it lawful to pay tribute unto Caesar?"

"Then said He unto them, Render unto Caesar the things which are Caesar's."

NEW YORK
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# FOREWORD

HE problem of Labor and its relation to wealth has baffled not only labor agitators and capitalists but political philosophers as well.

Labor claims that it alone is responsible for the creation of wealth, yet the minute the great mass of laborers rebel and break away from the control of their employers and the controllers of wealth, they engage in a mad orgy of destruction. They destroy not only the material prosperity which they claim has been created by their sole efforts but without discrimination they destroy monuments, art objects, institutions and civilization itself, including the moral codes that have been built up thru thousands of years of effort to control and inhibit the savage instincts of the undeveloped, the ignorant, the vicious and the unthinking.

In Russia, labor has challenged the civilization of the world and the apologists and advocates of Bolshevism, in the rest of the world and particularly here in our own country, have created a situation that demands that we search out and prove the economic and ethical foundations on which our civilization rests.

The most fanatical supporter of the labor dogma will not pretend that the result in Russia has been to the advantage of the laborer. For with the destruction of wealth and the wiping out of property has come a stoppage of production, the consumption of surpluses, hunger, starvation, famine, epidemic, and

a reversion to savagery, with ruthless assassination and massacre, in an effort to secure possession of the women of other men, and of the remaining scraps of food that they possess.

Still if wealth cannot justify its existence then the Bolshevik movement is entitled to support and the laborers of the rest of the world should join the movement and destroy all property that exists as an evidence of wealth. If on the other hand, wealth shall be able to justify itself and if it shall be shown that in the absence of wealth, labor starves and that only thru the creation of wealth and its conservation does labor escape hardship, then let us have an end of these attacks upon wealth and let labor submit to the direction and control of those who by their direction and control of labor not only enable labor to secure more for itself than it otherwise would, but to pile up those great surpluses which we call wealth and which, when used to carry labor thru periods of idleness or times during which employment is impossible on account of physical conditions or to support labor thru the construction of projects, the completion of which extend over long periods of time, we term "Capital"; the use of which in the manner just described has made possible the so-called "Capitalistic Civilization," as we know it throughout the world today.

The problems which the world professes to believe difficult of comprehension and impossible of solution, really become as simple as A B C if reduced to their early and primitive forms.

The belief that in the face of death men dare not tell the untrue or utter the false has caused us for centuries to give to dying declarations a weight greater even than to statements made under oath. These chapters have been written between successive operations, and it has been a constant question whether I would be able to complete them. My condition has in fact compelled me to issue them in their present unsatisfactory state, but so far as I have been able to determine they contain nothing but the truth. Not the whole truth, for that I fear I shall not be given time to tell.

G. M. W.

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# The Things That Are Caesar's

## A Defence of Wealth

### Chapter I

### THE BEGINNING OF WEALTH

*Primitive Man Produced Nothing*

TWO men of the Stone Age, feeling the pangs of hunger, picked up their stone hammers or axes and started out in search of food. They had hunted so long in the region of their cave that they had destroyed most of the game that formerly roamed near their habitation, and they now found that they were compelled to go farther and farther before finding anything to eat. On this particular occasion they had travelled and hunted for two days without making any kill, when good fortune brought them across a doe with its fawn. Starting in pursuit they soon captured the fawn while the doe bounded away. In their crude savage way they divided the little beast between them and proceeded to satisfy their hunger by consuming all they could hold of the little animal.

Having finished their meal the younger of the two men dropped what remained of his half on the ground and went off to a nearby stream to quench his thirst, but the older of the two with a memory of his two-day hunger still upon him could not bring himself to throw away what was left of his half, and looking over his head saw a fork in the tree under which he had been eating, and leaping high he dropped the remaining meat in the forked branches and followed his companion to the stream.

As soon as he quitted the spot where he and his companion had fed, the hungry wolves rushed to the spot and quickly devoured the offal and the meat abandoned by the younger man, but leaping high in their efforts to reach the piece deposited in the fork of the tree by the older man they failed and soon abandoned their efforts. After sleeping the two men began again their pursuit of game and their search for food. But they found it extremely scarce and the second day afterward they found themselves again oppressed with the pangs of hunger. Then the older man remembering that he had deposited what was left of his half of the fawn in the fork of the tree, said: "Instead of hunting farther for fresh game I am going back to the food I left in the tree," and the younger man not knowing what else to do followed his elder. Hunger hurried their steps and it took but a day to get back to the spot from which they had spent two days in wandering. Arriving there the older man found his meat safe in the tree and leaping up he seized it and proceeded to satisfy his ravenous hunger. The younger man demanded his share but

the older man growled in reply that they had divided the fawn originally and that he had saved what was left of his half while the younger man had thrown away what was left of his.

The skill and strength of the older man made it unwise for the younger man to attack the older one as he felt an instinct to do, and so he began to beg, saying to the older man, "Give me half of the meat that you have saved and when my hunger is satisfied and my strength renewed I will go hunting and give you half of my next kill." But the older man ate on until finding his own hunger satisfied and some meat still remaining, said to the younger man, "I will give you what is left here if you will give me half of your next kill even tho it be a grown deer or a buffalo." To this the hungry young man eagerly assented, whereupon the older man pushed over toward him the shoulder of the fawn with the meat remaining on it.

The saving of the uneaten portion of the fawn was the beginning of wealth and the use of it to save the starving young man, the beginning of capitalism, while the hunting of the younger hunter to repay the debt he owed to the older who had fed him when he was starving was the beginning of the wage system.

## Chapter II

# GROWTH OF WEALTH

### *Why Should We Starve?*

NOTHER cave man finding some fruit in the forest ate what he could and carried a branch laden with it back to his cave. Dropping it on the bare rocks in front of his cave, he found that the heat of the sun had withered the fruit, and though its taste was changed it was still palatable and remained so for days. This discovery enabled him to add dried fruit to his diet through the months when fruit did not grow and the trees were bare.

Another cave man found a strange grass standing though dead and yellow, and as he walked through it he noticed that the rattling heads shook open and scattered seeds about on the ground. Picking up a few he ate them and found them strangely nourishing. He gathered handfulls of the standing stalks and beat the contents out of the heads against a rock. He gathered up the grains and carried them back to his cave, to supplement the dried meat and the dried fruit that he had already learned to preserve.

Another primitive man found a strange looking rock and attempting to shape it into a stone imple-

ment, he found that it yielded to the stroke and that under continuous hammering it grew flat and became a tool that gave him a considerable advantage over his fellows, who thereupon began to search for similar looking stones, that they might fashion for themselves similar instruments and put themselves on an equality with him.

Most of these discoveries soon became known to others of the race, and the conditions of living for most of mankind became easier. Some instead of continuing to hunt for deer, and sheep, and goats, and buffalo, protected the herds and domesticated them and kept them near at hand to kill whenever they were wanted for food.

The standard of living for the race steadily increased as first one man and then another learned how to get more out of the earth, whether it was from the game, or the flocks and herds, that fed on the lands, or whether it was the grains planted in the cultivated soil, or the metals that were dug from beneath the surface or melted out of the rocks.

Now much of the earth's surface was unfit for human habitation under primitive conditions, and was therefore absolutely without value to the race until it had learned how to overcome the disadvantages of nature. Forests were of no use for man until some man invented an axe with which it was possible to chop down the trees. But the rude houses that primitive man built out of unhewn logs were a great waste of timber, though it made possible the cultivation of the land in which the trees had grown which was rich from hundreds of years of dropping leaves.

But another man invented a saw and it became possible to build many houses out of the logs that had formerly been used to build one. And by locking the ends of these planks together, as you lock the fingers of one hand into the other, it was possible to mortise these planks into bins and receptacles for the saving of food.

Only when you have seen the stone work of primitive man and have seen how by laborious rubbing of one stone upon another he made the edges fit, can you realize how much more it became possible for man to do when he discovered iron, and learned how to temper it, and could chisel a stone into form in a few hours, where it had formerly taken days and weeks to accomplish the same result.

All of these discoveries and inventions inured to the benefit of such of the race as were able or willing to use them. Some men built houses and abandoned their caves, and as they cut down the forests they turned them into pastures and moved their flocks and herds into places of less danger. They cultivated the valleys and raised more grain than they could eat.

They piled up surpluses of grain and increased the size of their flocks and herds. With food in storage some of these men began trying strange things. They found that they could make tools of better design and greater hardness and keener edges, than they had been able to make before.

With their improved tools, their labors, both of farming and of mining and of lumbering, were materially lightened, and their output in proportion to the physical effort involved was greatly increased.

Because of the use of their improved tools which made possible the production of so much more from these lands with the same effort that they formerly expended merely to secure a livelihood for themselves, their lands came to be considered desirable and whereas with their primitive tools they had been barely able to feed themselves by their utmost efforts, they were now, by these inventions and devices able with the same effort not only to feed themselves with ease but to produce enough to feed in the same manner at least a score of others.

The surplus of every one willing to work increased, and as it increased, he exchanged part of his surplus for things devised by others that he thought would be useful to him, and sometimes for things that had no particular use but which seemed to him to be desirable. One bartered some of his surplus to others in exchange for their help in building himself a larger and stronger habitation and greater storehouses in which to keep his increasing surplus production, which was made possible by his use of the devices and inventions of other men, and of the strangely efficient tools and utensils that they produced.

Some traded what they had for metal weapons and tools that they could carry easily and went on trips of adventure, returning to tell of wild men who had never seen metal weapons but who had so many skins of wild animals that it was no distinction to be dressed in furs. They told that these wild men were willing to trade all the fur that one could carry for a single metal spear-head. Others, who travelled in other

directions, returned with cloths of weaves and colors that they had never seen before.

Those who returned reported that in these distant places some products that were scarce and highly prized at home were strangely common, while other things which they regarded as common were very scarce and strangely prized. These reports caused men to question whether they had properly prized what they themselves had or whether they had not been willing to trade over much for many things that were comparatively worthless.

It was, however, impossible to get men to agree on what was more desirable. Some wanted one thing while others preferred another. Some cared for nothing but to fill their bellies and after gorging themselves refused to hunt or to work either for themselves or for anyone else until hunger compelled them. Others remembering their past experiences refused to gorge themselves but ate sparingly and carefully saved the rest. Some insisted that caves and tents were good enough for anybody, but others laboriously gathered together stones and built homes for themselves on spots of their own choosing instead of looking for a cave where they could find it. Some finding a cave that they desired already occupied would fight the occupant for its possession, while others claimed that it was foolish to run so great a risk as getting killed in a fight when you could build yourself a cave with no danger and with but little more effort.

Some refused to plant grains and insisted that it was less effort to hunt for and gather the wild grains

than it was to put so much labor in cultivating a field.

Others refused to waste their time in protecting a domesticated flock of sheep when there were plenty of goats to be had by hunting a little further away. They also insisted that the flavor of the wild meat was better, and they charged that the keepers of flocks were weak and cowardly and really kept the tame sheep because they were afraid of the dangers of the hunt.

But as time rolled on it was noticed that the men, who kept the domesticated flocks and who spent their labor cultivating fruits and grains instead of hunting for them, ate more regularly, grew stronger, and multiplied more rapidly, than did those who depended upon the chance of the chase or luck in hunting.

What was more surprising was that while the cultivators of the soil and the keepers of the flocks multiplied rapidly, their flocks and stores of grain multiplied even more rapidly. On the other hand, while the hunters remained few, their supply of game steadily diminished and the wild fruits and wild grains became almost extinct. At last the returns of hunting became so scant that the hunt instead of being a sport became poorly rewarded labor.

Finally a number of hunters exhausted with several days' hunting which had found them nothing, said to each other: "Why should we starve here when the keepers of the flocks in the valley have so many more sheep than they need? It is foolish for us to go hungry when sheep are to be had for the taking. For you know those domesticated sheep are so tame that they do not know enough to run away."

That night a band of the hunters descended on the people in the plain and killed almost all of a flock of tame sheep belonging to one of the men in the valley and carried back with them into the forests all that they could carry of the dead meat. The next morning the owner of this flock called together the other keepers of flocks and showed them what the hunters had done. "They will fall on one of you next and our only protection is to unite and send a punitive expedition against them, and either to drive them away or kill them off. At any rate they must be taught that since they preferred to hunt wild sheep instead of doing the work of raising tame ones, they must respect the rights of those of us who have preferred to put in our time raising flocks and herds and fields of grain, instead of depending on the uncertain rewards of hunting."

This suggestion seemed a wise one and gathering a considerable company of the cultivators of grain and keepers of flocks, they armed themselves with weapons which they had devised for protecting their flocks from wild animals, and with strange knives that had been modified from those that had been devised for the cutting of standing grain.

When the hunters saw the plainsmen coming against them, they were filled with derision that these effeminate men could think that they had a chance in combat against men like themselves inured to the hardship of life in the forest and in the mountains.

But when they came to close quarters the hunters found that the keepers of the flocks were able to kill them before they could even get close enough to strike

back. For the plainsmen used new and strange weapons that the hunters had never seen before and against which they were defenseless.

It later became known that the men of the plain had raised such a surplus of food products that a number of them had been able to take their time and attention from the raising of grains and the protection of flocks and spend it in devising not only protectors against the primitive weapons of the hunters, but new weapons that would give them an advantage over those who used the old.

The result of the fight was the almost total extinction of the race of hunters. Those who were not killed, fled into the forests and were not seen nor heard of for a long time, while those who remained were captured by the men from the plains and compelled to work at the cultivation of fields and the tending of flocks for their masters, and while they found the labor irksome, they found that it had its compensation. For they were able to feed regularly and lived in buildings that were far more comfortable than the caves and huts of the mountains and forests.

The contrast between the conditions of life among the hunters and the men who cultivated the fields and domesticated the flocks were not the only contrasts. Even among the hunters, the man who was the more persistent hunter or the more skillful in stalking game, accumulated the largest supply of skins, and was clothed warmer and had a better bed. His family was better fed and his children grew stronger and more fearless, than did the children of the lazy or indifferent hunters who were always half starved,

poorly covered, and never had more than a single skin to sleep upon.

Naturally the hunter, who had the largest cave and the most skins, was envied by his fellow hunters, who declared that he was lucky in hunting and they always attributed their own lack of food and of skins to wear or to sleep upon to their bad luck.

The same inequalities prevailed among the men of the plain. The man, who by industry and care increased his flocks and piled up greater stores of grain, built for himself larger storehouses and a larger house in which to keep his growing family. His children, and his children's children, being better fed and better housed, were more vigorous physically and intellectually than those who were not so well fed. They also had more time to think and so devised more economical and efficient ways of doing things. This still further increased their advantage over their fellows and enabled them to build protective places for themselves and their families and for their stores of grains, and their flocks and herds. And because of their greater industry and their increased production and of their saving and storing away their surplus production, they were called by their neighbors "rich," and the buildings which they had built for themselves and their children, and the warehouses in which they stored their surplus grains and dressed skins, and cured meats, and their flocks, and their herds, were called "wealth."

## Chapter III

# WHAT IS WEALTH?

*What One Man Has That Another Man Wants*

PRIMITIVE men had no difficulty in deciding what constituted wealth. Wealth among them was whatever one man had that another man wanted. It consisted of food, of skins, of an advantageously located cave, and later, the simple weapons for hunting and crude cultivation, and the utensils and receptacles in which were stored and preserved food.

In the days of Job, the chief idea of wealth consisted of flocks and herds; in the days of the Roman Empire it was chiefly lands and slaves to work them and stocks of precious metals.

It is not necessary to trace the progress of material civilization whereby the huts of primitive men have become the forty-story steel frame buildings of today, and the encampments of the early nomads have grown into great cities containing millions; whereby the dried venison of the savage has been displaced by millions of carcasses in massive cold storage plants; whereby the earthen jar of wheat has been supplanted by great elevators, each of whose compartments contains a cargo for a trans-atlantic liner; whereby the torch has been extinguished in favor of a strange light that

is transmitted over wires, and the drum signals of the savage have given way to messages transmitted by an unknown force through the air and around the earth.

Attempts to define wealth must always be considered in relation to the stage of material and intellectual development existing at the time the definition is attempted.

Adam Smith, first of English economists to define wealth, capital, wages, and the principles under consideration, defined wealth as consisting "of gold, silver, lands, houses, and consumable goods of all kind." This definition you will notice is distinctly primitive, as it confines wealth to physical material things.

John Stuart Mills, a later and more scientific thinker, declared: "Wealth consists of all material things produced by human effort." But this definition is frankly and plainly British in its character, but it introduces the element of human effort.

A comparatively unknown English economist, Mongredien, says that: "Wealth consists of all those objects of human desire produced by human exertion."

Mongredien is the first of economists to call attention to the element of desire as separate from use or need. But all of these definitions seem deficient.

The source of all wealth is the soil of this earth. And the method of wealth creation is the expenditure of human effort upon the surface of the earth, whether it be the raising of cattle for food and for hides, or the raising of sheep for food and for wool, or the raising of grains for food and for oils, or the raising

of cotton and flax, and other fibrous plants for the manufacture of cloths of various kind, and for manufactured uses, or the cultivation of those worms that spin the wondrous fibres that make silk, or the digging of clay to build houses with greater ease and facility than can be done with stone, or the digging of coal to vitrify those brick and make them impervious to moisture, or for warmth, or for transforming water into steam, or the digging of copper and iron, with their many uses, which have made possible what we know as modern civilization, or the digging of those scarcer and more ductile metals which we call precious, of which the race has made many strange uses.

There is no other source of wealth than the surface of the earth itself, and no other means of its creation than the transformation of its contents or products by human effort into forms useful to and desired by mankind.

But there is no value in the earth's surface except as it is used by man, and its value to man is possible only in one of two ways, either by men travelling or transporting themselves to the place where that particular spot of the earth's surface lays, occupying it and there supporting themselves on what they can produce upon it, or by a few of them going to the distant spot, wresting from it that which it has of use to mankind and carrying it back to where it can be used. This was true in primitive times and it is true today.

Always the limitations of man's ability to transport himself to the place where food and other things were produced by the minimum effort, or to transport the

products of luxurious climes to the place where man himself found conditions better suited to his own existence, have operated to determine the relative use or value of any part of the earth's surface to the race.

No better illustration exists to show how the wealth of a community depends upon its accessibility and the use possible of its products, than the Province of Szu-Chuan in China. This province with an area of over two hundred thousand square miles, being slightly larger than all New England, New York, Pennsylvania and New Jersey, combined, occupies one of the richest plateaus on the earth.

Its richness is shown by the fact that it supports with ease a population of seventy millions, and has within its borders many great and rich cities. With this enormous population it actually produces such a surplus of wheat that for several years past the price of wheat in this province has been only from ten to fifteen cents a bushel, averaging about twelve cents.

Naturally the lands of this province used in the production of wheat are valued only in proportion to the value of the wheat produced on them. Most persons on reading this will demand at once to know how it is possible for wheat to sell anywhere in the world during the past three or four years for as little as twelve cents a bushel. But the answer is quite simple. The nearest point in this province to the sea is over twelve hundred miles up the Yangtze River from Shanghai, and between it and the lower reaches of the river, where navigation ends, are the famous gorges that make the province practically inaccessible.

Only the most primitive methods of transportation exist between the province and the outside world. Almost its only products that are valuable enough to pay the expense of export under present conditions are its silks, some of the finer grades of fur, and vegetable wax.

It actually cost last year $1.25 a bushel to transport wheat from the Province of Sze-Chuan down to Shanghai, a distance averaging, say, fourteen or fifteen hundred miles. So that the wheat that was worth only twelve cents a bushel in Sze-Chuan actually cost $1.37 a bushel by the time it reached Shanghai.

Now, if it were possible to build a railroad even from the head of navigation on the Yangtze River, up to and through the wheat raising regions of this province, so that the wheat of Sze-Chuan could be brought down to tide-water at a cost of fifteen cents a bushel, as is the wheat of Kansas and Nebraska, it would raise the price of wheat in Sze-Chuan from twelve cents a bushel to $1.25 a bushel. And the wealth of the province would be increased ten-fold, because its lands would increase in value in proportion to the increased income received from the sale of its products.

In the same way, Chinese coal has been produced for years by Chinese labor so that it could be bought at the mouth of the mines for twenty-five or thirty cents a ton, but the absence of cheap methods of transportation and distribution, has made the mines practically valueless because there was little use for the coal.

Coal produced at Chinese mines at a cost not to exceed twenty-five cents a ton was raised by the mere

cost of transportation by primitive methods to eighteen or twenty dollars a ton by the time it reached Shanghai.

From the fact that the inhabitants of this isolated province in China have maintained a practically stationary condition of civilization for hundreds of years and have devised no means to remove from themselves the handicap of isolation and remoteness, it is plain that among their population at least the peculiar quality of brains, resourcefulness, or inventive genius, that is necessary to make their province accessible, and to make possible the marketing in other parts of the world of their surplus production, does not exist.

If the income of its people is to be increased and their standard of living raised, and their wealth multiplied, it must be by some man outside of the province and not directly interested in the increase of the wealth and income of its people. But is there anyone who will dare to say that that person, or group of persons, that supplies cheap modern transportation into and out of that province, even though they never expended an ounce of physical effort therein, has had and can have nothing to do with the creation of the increased wealth of the province and with the increased income and wages of its inhabitants?

For thousands of years it was the practice of the Race to appropriate without compensation, the devices invented by individuals with unusual gifts, and as a result men with extraordinary gifts could little afford to exercise them. Men created only those things in which other men recognized their creative effort and in which they acknowledged their property rights.

If an individual raised a sheep or a hog his fellows recognized that sheep or hog as belonging to him, but if he devised a loom or a spinning wheel, they appropriated his idea without even a word of thanks. It was, therefore, more worth while for the individual to raise cattle and sheep and hogs or grains than it was to devise new tools, or machines, for human use.

Now the reason for this was that the great mass of mankind is unable to conceive of property in any other than the physical sense, and as long as the mass of the race could only think property in physical terms, it of course conceived wealth only in physical terms and defined it only as having physical, visible and tangible attributes.

It has taken thousands of years for even the intellectuals and speculative philosophers to be able to think of a mortgage or a lien as being property the same as farms or hogs.

It has taken the world thousands of years to realize that it is just as wrong to rob a man of his ideas or devices as it was to steal from him his horse or the trees off of his land.

This is not because there is any difference in the ownership of an idea or a device, and the ownership of lands and the things that grow on lands; there is no difference in the moral quality of stealing a man's horse or of stealing a man's ideas and devices. It is simply that the human mind in its mass action has been, and is yet, unable to conceive of property in ideas because so few of them ever had any ideas themselves, but they are quite certain of the moral wrong of

stealing food, or household furniture, or clothes, for everybody has at one time or another lost some of these things or had some of them stolen from him.

It was not until 150 years ago when the world for the first time began to realize the unique value of ideas, and to see the necessity of recognizing the property rights therein of those who had them, that we began the wonderful period of inventions that have made the past 150 years—years of greater progress in a physical and material way than all the thousands of years since the creation of the Race up to that time.

With all the vast supply of human labor working constantly from the beginning of time down to the year 1780, it had been able to accumulate only a surplus of production over consumption in all these thousands of years, that made the total wealth of the world at that time, approximately, 100 billion dollars.

Remember, that up to this time, mankind had denied proprietary or property rights in ideas and devices, and had recognized property rights only in physical things, produced by physical human labor. But at that time the Race for the first time began to recognize property rights of individuals in their ideas and their devices with the result that in the past 140 years, human intellect and human brains, have been so devoted to the devising of new things, new machinery, new methods, new uses, the discovery of new forces, the developing of the science of transportation as we now know it, and of the science of communication as it now exists, with the result that human physical labor, which has not so greatly increased over what it was 140

years ago, supplemented, guided and for the first time directed by human brains, actively exercised in the science of production, has so enormously increased not only the per capita production of the individual, but the aggregate production of the whole Race, that the wealth of the world today is, approximately, 1,000 billions of dollars.

In other words, since the time when the race recognized the property rights of ideas and devices, and the productive value of intellectual effort, the wealth of the world has grown in 140 years to be ten times what it had grown to be from the beginning of the race up to the period when intellectual values were recognized.

It is in this respect that the previous definitions of wealth are deficient, and it is plain that any scientifically correct and ethically true definition of wealth must recognize and include this intellectual element that enters into wealth creation.

The English School of Economic Thought has followed Adam Smith, and is still disposed to regard wealth as purely material, and to classify all labor or effort that does not result in a material output as non-productive. But the French and Italian Schools of Economic Thought have insisted that any intellectual effort or thought that adds to the use or value of the material thing must be classed as productive along with the physical effort necessary to produce the material thing.

The German School of Economic Thought is more truly scientific in that, they declare that every service

that is rationally sought by mankind must be regarded as productive and as doing its part in the production of wealth.

For instance, the English School of Economic Thought has regarded the teaching of school, religious instruction, legal service and advice and medical attention as non-productive. But really all of these are equally productive. The school teacher by imparting knowledge to the producer increases the producer's capacity to create the things that make wealth. The religious teacher inculcates those principles which lead not only to diligence, and consequently, increased production of wealth, but to thrift and the conservation of wealth. The medical man in protecting the health of the producer saves him from the periods that he would otherwise be a non-producer, and materially prolongs the period during which he is a producer; while the legal man by protecting the producer in the possession and enjoyment of what he produces encourages increased production.

Wealth therefore consists of all those objects of human need, use or desire, devised by human genius and produced by human effort mental and physical.

## Chapter IV

## THE CREATORS OF WEALTH

### *Not Labor but Brains*

HE world has not been without great minds in the past, but Solon and Lycurgus, though great law-givers were unable to invent the steam engine. Socrates, Plato, and Confucius, were great in the realm of ethics and metaphysics but they were unable to conceive electricity. Archimedes, Aristotle and Caesar, founded mechanics, logics and military engineering, but they were unable to invent the telegraph, the telephone or armor plate. Galileo, first conceived of our solar system, but he never dreamed of the mechanical devices of these times with which we measure the distance and light of the stars and determine the metals that constitute their physical makeup.

Social philosophers have ignored the most extraordinary thing that makes for human inequality, and that is, the diversity of ability and quality in the human mind. Hundreds of thousands of ordinary brains put to work on the identical problem can not solve it unless the problem be one within the comprehension of any single one of those thousands of ordinary minds. And, if it is within the understanding and comprehension of any one of those thousands of ordinary

minds, any one of them is just as good for the solving of that problem as the united efforts of the hundreds of thousands. But if the problem be beyond the understanding and comprehension of the ordinary mind it must wait for its solving for the rare appearance of one of those great minds of unique quality, who is able to solve it and who it sometimes seems is born for the purpose of solving it. One who when sent solves it for the benefit of the whole race. These extraordinary brains constitute such a rare treasure for the world that when they appear the world should subsidize them and reduce their struggle for existence to a minimum so that these extraordinary brains can devote their whole energy to the intellectual effort of solving the heretofore unsolved problems of the race.

With all the great minds that the world has had from the beginning of time, it labored along with only man-power and animal-power, until Watt discovered the expansive force of steam, and substituted steam-power for man-power. With all the great minds of the past, the world had to go along without steam locomotion until the extraordinary brain of Stephenson began the annihilation of space that is now well nigh accomplished. With all the great minds of the past, the human race was only able to invent a written record for itself about 5,000 years ago, and so we know nothing of the history of the race for the hundreds of thousands of years thru which it struggled up until then.

For nearly 5,000 years, the only way its greatest and best minds were able to make such a record was to

chisel a few inscriptions in clay or on the face of stone, or to laboriously transcribe them by hand on skins and barks. With the reproduction of books possible only by long-hand transcription, it was impossible for knowledge to become diffused or for education to become general. Not until Gutenberg and Faust adapted the Chinese art of printing to European alphabets was it possible for the carefully copied ideas of the world's best minds to become generally distributed.

With all the great minds that the world has produced the race struggled along in physical darkness while fear and superstition peopled the night with demons and ghosts, until a Rockefeller made artificial light possible to the poorest being on earth, by the economical production and cheap and general distribution of petroleum, which in its turn is now being superseded in all civilized communities by electric lights, which are being constantly improved until it is now almost a scientific fact that they rival the light of day.

With all the great minds of the past, the world never realized the necessity or possibility of a pure water supply or the epidemic infections due to water contamination that decimated cities and killed millions, until modern bacteriology was discovered. And this knowledge has not yet become the possession of two-thirds of the population of the earth, for the millions of people in Africa and in India and in China are still without pure water and suffer terribly from epidemics that are now no longer known in Europe and America. Contagion and infection are so little under-

stood that the populations of Egypt, India, China and the Philippines, absolutely refuse to recognize the attempts of modern administrators to enforce quarantine.

When you consider the attitude of the best educated men toward labor from the beginning of the race until the middle of the 18th Century, it is not surprising that statesmen and historians regard wealth as purely material.

Through all this long period the labor of the race plodded clumsily along, undirected by its men of extraordinary ability, for it was considered beneath the dignity of intellectuals to interest themselves in such material things as production or the creation of wealth.

Until this time intellectual effort was therefore confined to the writing of religious works, theological speculations, histories, annals, and the production of poems. Until comparatively recent times it was considered a gross prostitution of mental abilities for a man of education and brains to write a novel, or to record events of other than political or moral significance.

The primitive attitude of the intellectual and educated men toward labor and production is nowhere better exemplified than in the exaltation of formal literature by Chinese scholars and statesmen down to the overthrow of the Manchu Dynasty in 1911.

Europe has but slightly broken away from its prejudice against the participation in industrial production or trade of its educated men, and only the knowledge of the extraordinary rewards that have followed the

exercise of intellectual effort in this direction in our country, has induced some to defy the prejudice against it that still exists throughout Europe.

Not until comparatively recent times has intellectual effort been directed toward industry, production, and the creation of what we recognize as wealth. It is barely 200 years since the first engine was devised as a toy, but it was not until 1780 that Watt devised the first real operative steam engine, began the revolution in labor saving modern industry and inaugurated a new era of production and wealth creation.

As we look back over the record of human accomplishment from the beginning of human records up until 1780, we are not so much astonished at what the Race accomplished, as we are appalled by the prodigal waste of human energy and the reckless spending of human life in doing it.

The "Pyramids" are a wonderful monument of human labor but it is appalling to think of the expenditure of human energy and the waste of human lives expended in their creation. Every stone in those Pyramids was cut by human hands from the quarries, moved from their place to the site of the Pyramids by human labor, and raised to the place where they now rest by human energy.

The "Great Wall of China" remains one of the wonders of the world, but when you think that every one of its bricks was made by human hands, transferred to its place by human labor, and that not one single labor-saving device such as we now know, was used in the erection of this monumental wonder, you

cannot help, but be oppressed by the thought of the millions who were driven to its erection.

The same thing is true of the "Canals of China," the canals and so-called "wells" or "tanks" of India, the enormous structures raised as temples to appease the angry gods, and this includes the wonderful cathedrals of Europe.

This country of ours is the only one on the face of the earth unmarked and unmarred by any gigantic structure raised by undirected, unrewarded, human labor.

In 1782, when the independence of our country was recognized, two years after the invention of the steam engine by Watt, the entire wealth of the world was not over 100 billion dollars. This represented the entire unconsumed surplus created by the undirected labor of the race, from its beginning up to that time, and the values of the used lands of the earth based on their then use by the peoples of the earth.

I do not intend to enter into a discussion of the increase in the standards of living, or the relative values of human life, now and 140 years ago. But I wish to call your attention to the fact that at that time there was practically no house on earth with glass windows; that ventilation, sewerage, and pure water supply were unknown; that education was within the reach of but few and was still entirely classical and religious in its character. That the largest ship in the world at that time (1782) was the then newly built English Battleship, the "Victory," the flagship of the famous Lord Nelson, which measured 186 feet in length. The largest

ship that sailed in trade between Europe and the American Colonies before our Revolution was 120 feet long, 34 feet beam, with a tonnage of about 600.

The founders of our United States realized as had no other political thinkers in the world before, the value of men's brains in production. From the first, we have recognized to a degree unequalled by any other nation or people, the property rights of men in their inventions, devices, and ideas, while by our almost immediate and universal use of such inventions, devices, and ideas we have made it worth while for our intellectuals, our men of brains and of genius, to devote themselves to that character of human effort, namely, intellectual, that has enabled labor in this country by seeking and accepting the aid, direction and leadership of our best brains, to reach a unit of per capita production that has never been dreamed of by the peoples of any other country in the world.

I have called attention to the fact that the values of lands on the earth depend on their accessibility. This was well known and recognized by the men who undertook the development of this country.

The first ship not driven by human hands or the winds was Rumsey's steamboat that made a successful trial on the Potomac in 1782. The first successful steamboats of the world plowed our Western rivers, and within forty years, long before the first steamship crossed the Atlantic, were going far into our West, up the Missouri, the Arkansas and the Red rivers, making them more accessible and nearer in point of time to our Atlantic coast than was Europe.

The first power loom was not invented until 1785 and was not commercially successful until 1835. Until that time all our clothes were homespun and home woven.

The first sewing machine was invented in 1830.

Railways, which first supplemented and finally superseded the canals and rivers, were not invented until 1826. By making the remotest acres of our country accessible and their products easily marketable, our railways have done more to increase the wealth of our people than any other single instrument.

The electric telegraph was not invented until 1835.

The first power press was not invented until 1814, and it was not until 1845 that Hoe first invented the fast press which has made possible the modern diffusion of knowledge and news by our daily press.

I remember in my boyhood in the Orient, seeing the native blacksmiths laboriously making nails, hammering each one out by hand, and I was astonished to find that being wrought, they could not be driven into hard wood, but that they always had to have a hole drilled in the wood before the nail could be used. The first nail-making machine was invented by Reed in our United States in 1786, but it was not until forty years later that his device really came into general use, and that cut-iron-nails superseded the old hand-made-wrought-iron-nail.

Adam Smith, the first political economist of England, uses the manufacture of pins as an illustration of the benefits of specialized labor. Within fifty years after he wrote his "Wealth of Nations" the first pin-

making machine was invented by Wright here in our United States (in 1824) and the specialized labor, so much admired by Adam Smith, went into the discard along with the political philosophies founded on his illustration.

The first rolled iron beam for building construction was not made until 1855, and the first elevator, a slow-moving hydraulic one, was not invented until 1865.

The first electric light did not glow until 1866, and then only in a laboratory. It was almost ten years later before it began to get into commercial use.

The first steel ship was not built until 1870. This invention opened new possibilities in world commerce, by enormously increasing the unit of freight in foreign commerce, and reducing the cost of world transportation.

The telephone was not invented until 1876. While submarines, wireless telegraphy, automobiles, gasoline motors, aeroplanes, X-ray, and wireless telephony, are practically all the inventions or developments of the past twenty years.

While the value of lands depends upon their accessibility, their accessibility depends upon the railroad, or steamship transportation facilities available for the transportation of their products.

The rewards of labor are dependent upon the market for the products of labor, and from the beginning of time until the invention of railroads and steamships, it took labor a day's work to transport a ton of its product only one mile away. But with the brains of the Race devoted to relieving labor from this enormous

handicap in transporting its products to where they can be consumed; our brains have devised methods of transportation that enable us now to transport the products of labor a ton-mile for one-three-hundredths of a day's work, and this has left to labor 299/300ths of what it used to spend in carrying to market the products of its labor. The saving to labor by the invention of transportation facilities alone has enabled the ordinary laboring man to double his per capita production.

It is plain to be seen from the record, which is there for anyone to read who will, that it has not been human labor in the physical sense that has relieved itself of the original limitations imposed upon it by nature, but it has been by the thought and devices of extraordinary individuals, who have devoted themselves to the task of saving their fellows from the burdens imposed upon them by nature.

It has not been "labor" that has produced the wealth of the past 150 years but BRAINS. It is not labor in the physical sense that is producing the wealth today but BRAINS, and it never can be anything but human intellect devoting itself to accelerating production and directing the less endowed members of the race in their labor that will produce the still greater wealth of the future.

The literature of the past has had much to say about the conflict between Capital and Labor, but it is only lately that the peoples of the world have begun to realize that this element of brains is more important in the creation of wealth than is either labor or capital.

Political economists have not yet discovered the value of brains in production and wealth creation, but today we have the astonishing spectacle of capital, which knows it has no brains, and labor which realizes its inability to direct itself, eagerly competing for the use of brains, and offering the possessors of this scarce article almost anything they demand to accept the management of capital or the direction of labor.

Capital would generally be idle and waste away if it were not for the brains of some thinker who finds a better way to use it than it is being used. And labor would often be idle if it were not for this same thinker who devises, invents and creates, undreamed-of opportunities for labor. By holding before capital the greater profits and rewards in a new venture, the thinker secures the support of capital, which labor would not be able to secure for itself.

Social economists claim that there is only one source of wealth—Labor. Political economists insist that in addition to Labor—Land and Capital—must be classified as additional sources of wealth. But they both deny the economic value of that which is the greatest of all in the production of wealth—BRAINS. The ability to see the relation between cause and effect, the ability to see why labor expended in one way produces little while labor expended in another way produces much. Why one crop is a failure on a piece of land while another crop produces prodigally. A farmer once was asked how much land a man needed in order to make a good living? And he replied, "If a fellow's

got brains enough all he needs is enough land to stand on."

If labor complains that it does not get what it is worth, it should reflect upon the fact that there is nothing cheaper than capital. If safety can be assured to capital, the use of it can be purchased for two or three per cent. The great fortunes are made not by the possessors of capital but by men of brains, men who purchase the use of the capital for a small per cent and use it with their brains to build up great industries. Rockefeller was a great borrower. It is brains that make the difference between two and three per cent and the profits that are made in modern business. The attack, therefore, upon the creation of wealth is primarily an attack upon brains, and it is just as well that we should recognize frankly the fact that the great mass of mediocrity is attempting to make it a crime for a man to have any sense.

The President of Cornell University, in a recent Commencement Address said to his students: "To get and to have is the motto not only of the market but of the altar and of the hearth. We are coming to measure man—man with his heart and mind and soul—in terms of mere acquisition and possessions. A waning Christianity and a waxing mammonism are the twin spectres of our age." It is strange to see such economic unsoundness coming from one who should hold a higher and a different ideal before his students.

There are still those in this world who believe it a sin to have anything. They may be found stalking naked with their bodies smeared with ashes and their

hair uncut in greasy wringlets everywhere throughout India, and some of their unwashed and unkempt disciples may be found in all parts of the world. The idea was prevalent, even among people of our race, in the Middle Ages, and there were many who took the vows of poverty, but thanks to an enlightened conscience and a saner economic philosophy, our race at last has come to realize that man with his heart and his mind and his soul was not to spend his life like brute creatures in satisfying only the necessities for existence, but that it was his duty to do, to make, and to have, more than the individual needs for himself.

Do you think there would be any happiness in a world where you were barely able to find enough to keep alive and where you were constantly engaged in a struggle to satisfy the pangs of hunger? Only by producing more than he needs, does the individual create a surplus, and only by having more than his immediate necessities require can the individual secure the leisure that is necessary for contemplation and thought, for study, discovery and invention.

Many have toiled in useless and purposeless tasks without creating wealth, and there is no greater economic crime than to spend useless toil on work that need never have been done. The greatest conservators in the world, and on the whole, the poorest compensated and paid, are the Thinkers, those who study and scheme to devise ways and means of saving their fellowmen from useless work.

The idea seems to prevail that when the leader or inventor or the resourceful manager of property by some device, or invention, or method, is able to increase the output of his product, or to reduce the amount of labor necessary to produce the same output, that he should divide this increased production among those whom he has directed in its production, but if the individuals working under his direction do no more work than they did before, it is hard to see what part they have in the increased production, or why they should be given any share of the increase. Not unless there is something done by or delivered by the worker himself that contributes to or helps make the increase of production, or to decrease the amount of time necessary for the same production, can the worker or laborer maintain any claim to a share in the increased product. You might as well propose to pay the machine instead of the inventor of it.

One of the first principles of economics is that consumption is limited but that production is unlimited. Let a demand for anything be created and the supply to satisfy that demand will increase at a steadily decreasing cost. The demand of labor for higher wages has exactly the opposite effect from what labor desires. Labor seems to think that the high wage that it receives is conducive to prosperity, but the truth is, that as costs rise consumption falls, factories cannot sell their products, employment becomes limited and wages either fall in order to decrease the cost of production and stimulate consumption, or else the factories close down entirely and wages cease altogether.

The extraordinary demands for coal due to the exigencies of the war were made the excuse on the part of the miners to impose upon the country the most preposterous wage scale ever heard of. But was the prosperity which came to the miners due in any wise to anything that the miners themselves had done or proposed or brought about? Manifestly, no! And the high wages instead of causing more coal to be produced, had the directly opposite result.

A prominent divine recently declared that: "One-half of the wealth of the United States is controlled by about one per cent of the American people, and that is unjust." He further said that: "There is a just discontent among the people with the present order of things and that the country's great wealth should be distributed more among the many that contributed to make it." Then he concludes, "This is the question that *must be settled by the intelligent men* of the country."

This last phrase of the Doctor's is the crux of the whole problem. Why is the accumulated wealth of the country in the hands of a comparative few? It is because there are comparatively few of all men born, who are able or willing to control their appetites and their spendings. There are few who appreciate the need of saving. There are few who realize what can be done with the accumulations of thrift and saving.

The schools and colleges of our country are open to all, but there are only a minority of our youth who ever finish the public schools. A still smaller minority who ever go to high school and only about one-fifth

of one per cent who ever attend a college, while the percentage of those who actually finish their courses is negligible. Is it unjust that the knowledge and education of the country should be confined to the less than one-tenth of one per cent who have graduated from our colleges? Are they to be condemned because through years of sacrifice and persistence they have pursued the acquisition of knowledge and the search for truth, and if they have spent these years in study and in learning how to do things better than their uneducated fellows, are they to be condemned because of their greater perception, their greater skill, or their greater facility?

And if, as the Doctor says, the question is to be settled by the intelligent men of the country, who will constitute the body to whom the decision is to be left, the 99 million, 9 hundred thousand, who refuse to persevere in getting an education, or in the practice of thrift, and long hours, or the 100 thousand, who have devoted their days and nights to study and to work to accumulate knowledge and experience, and to the saving not only of what they have made themselves, but of some of that which their ignorant fellows have attempted to waste or to throw away? Two of the largest fortunes of my own knowledge have been made out of garbage!

Nature has not endowed all men equally, and it is natural that those with a smaller endowment being the more numerous, should attempt in some way to handicap those with brighter minds and greater persistence or disposition to stick to the tasks that they undertake

until they finish them. The world is made up of those who do things and those who try to prevent them from doing them. The attitude of those who are doing things is usually that of ignoring the others, until their activities impinge upon the plans of the doers, then they take only sufficient notice thereof to devise a way of getting around the obstruction and proceed with their work.

I remember discussing this matter once with the Editor of the Chautauqua Magazine. He had declared himself in favor of certain proposed social legislation, and was insisting that laws should be passed prohibiting the doing of a dozen different things that he claimed exploited the workman. In his tirade he said that he could not understand why the great users of labor did not recognize the situation and take some action.

I replied that the men in the world who were doing things were too busy with their work to pay any attention to the barking of the non-doers; that only when the non-doers came up to the doer and said to him you cannot any longer do so and so, did he take any notice of them, and then only for the purpose of stamping out the thing which they had devised to handicap him. I said that I would give him three months to devise any law that he could think of to prevent my doing what I had to do in the ordinary course of business, and that I would undertake in thirty minutes to find a way of circumventing his law. He thought that I had little opinion of his ability. But it is not a question of the amount of ability but of the kind of ability. A man who is in the habit of doing

things quickly sees how to do the same thing in another way when he comes up against an obstacle, while the fellow who is not in the habit of doing anything but whose habit of mind is critical and destructive, never can see how a thing can be done, sufficiently to prevent it from being done.

I remember once dropping into the office of Mr. Dodd, the famous solicitor of the Standard Oil Company. I found him sitting at his desk, tipped back in his office chair, his feet up on his desk, while he gazed out of his window over the Bay. He seemed to be thinking, so I started to back out of the door, when he, glancing over his shoulder, motioned to me to come in. I walked slowly across the room from the door to his desk, then Mr. Dodd spoke, saying: "I was sitting once, just as you found me now, when Mr. Rockefeller opened the door as you did. Glancing in and finding me in this attitude, he stepped noiselessly across the room to the back of my desk, placing his elbows on the desk he leaned over toward me, and said in a hoarse whisper, 'Dodd, is this what I pay you for?' Without changing my position, I looked up at Mr. Rockefeller and replied: 'Did you think you paid me for working?' Every time I attempt to leave for a vacation, the evening of the first day finds at least a score of telegrams from you, saying, 'Dodd, what about this? Dodd, what about that? Dodd, come back quick.' If I do the thinking for the rest of you, I am doing all that can be expected of me."

A New York paper some time ago pretended to show how the one-hundred-time millionaire was made.

It started its description with declaring that there was a small nail mill with only $75,000 cash capital put in but it made money and made so many nails and sold so many nails and turned its capital over so many times in a year, that somebody came along in a few years and paid them one million, two hundred thousand dollars for the little wire nail factory that had had only $75,000 invested to begin with, and the Editor declared that this constituted watering the stock. Now there were a number of other nail mills, which the Editor did not mention, that had more than a hundred thousand dollars invested in them and which never made a dollar, and which, were abandoned and rusted away or were dismantled and were mostly or entirely lost.

The two mills had exactly the same opportunity, they had bought the same kind of machinery, they used the same material and they had the same market, but there was no buyer for one, while a million two hundred thousand dollars was paid for the other. This was not because of any water, you could have pumped as much into one as into the other. It was because one mill had $75,000 plus brains and industry, and in the other instance it was one hundred thousand dollars minus brains and industry.

The same paper in attacking the United States Steel Corporation, deliberately misrepresented the facts so persistently that it is difficult to discuss its statements without heat. It said that Mr. Carnegie was willing to sell his entire steel business for $100,000,000. This happens to be true. But it then stated that, the

option falling through that Mr. Morgan offered to pay Mr. Carnegie $300,000,000 in 5 per cent bonds, and that because of this watering of the Carnegie holding in steel, the people of this country must continue to pay $15,000,000 a year to Carnegie and his heirs forever.

Now this second statement deliberately implies that the people of this country were not paying Mr. Carnegie anything at the time he was willing to sell for $100,000,000, but the truth was that Mr. Carnegie was and had been for some time getting a profit of more than $15,000,000 a year out of his steel business, but because of competition and the danger of over-production, the business was more or less hazardous so Mr. Carnegie was entirely willing to sell his holdings in the steel business on a 15 per cent basis. But those who knew Mr. Carnegie very naturally believed that if he had $100,000,000 in cash he would probably go back in the steel business, as it was the only business he knew, and it was that fear that made that proposition fail. It was then that Mr. Morgan conceived the idea of getting Mr. Carnegie to retire by giving him securities, the income on which would assure him $15,000,000 a year, the same as he had been getting out of the business before, with the distinct understanding that Mr. Carnegie would retire and would not re-engage in the steel business. The facts are that Mr. Carnegie had been getting $15,000,000 a year out of the business for years, but the $15,000,000 had not been capitalized. Instead of the United States Steel Corporation imposing one dollar of additional tribute upon the

users of steel in the United States, it merely assured to Mr. Carnegie upon his retiring the same income that he had been getting for years.

Up to the time of the organization of the Steel Corporation, a steel company was compelled to figure ten or fifteen per cent on the cost for selling. Even the Carnegie Steel Companies found their selling expenses slightly in excess of eight per cent of the cost of the goods themselves. But the economies in selling and distribution introduced by the consolidation of the companies that made up the United States Steel Corporation reduced the cost of selling the manufactured product from over eight per cent of the cost to less than one per cent.

It has been charged that Andrew Carnegie gave the world nothing in return for the $250,000,000 of bonds given him for his development of the steel business, but the truth is that when Carnegie began the development of the steel business, iron rails were selling in this country for $130 a ton, and most of them were imported from England at that price. When Carnegie retired from the steel business he had reduced the cost of rails from $130 per ton for iron rails, to $22 a ton for steel rails. During this period, approximately 200,000 miles of railroad were built in the United States. The saving in the cost of construction of these railroads in steel alone, brought about by Mr. Carnegie's efficiency, was over $2,500,000,000. In other words, the fortune that Mr. Carnegie made out of the development of the steel business was only about ten

per cent of the saving that he made for the railroads built in America in that time. Had it not been for his energy and foresight the people of the United States, instead of paying interest to him on $250,000,000, would be compelled to pay interest on the additional $2,500,000,000 that their railroads would have cost.

The essence of Socialism and of the Labor dogma is to deny the unequal gift of brains or ability to individuals, and to demand the assassination of the individual with unusual gifts, if and when he appears, as a danger or a menace to the mediocre ability and brains of the common mass. This has been and is a feature of the Soviet government in Russia, which has frankly declared war on all so-called "intellectuals" and has hunted out and exterminated all the educated men and women that it could find. But it is easy to see where this will lead for the mass, which has always profited by and benefited by the inventions of the brains and ability of these extraordinarily gifted individuals.

Denying the rights of individuals to possess extraordinary gifts, Socialism refuses to inventors any rights in their devices that would give them any reward over others. If they should succeed in their propaganda, inventors, or those with the ability to invent, knowing that the mediocre mass would appropriate their discoveries and that they would get nothing more out of them than would the veriest lout who never had a thought, would refuse to exercise their extraordinary gifts. They would stop trying to think and would cease to invent, and the world would be

the loser. The essential weakness of Socialism is that in destroying the incentive for improvement and progress, it destroys the possibility of improving the conditions of the ignorant and mediocre and that in its efforts to cheat extraordinary ability out of a fair compensation, it robs itself of all benefit that it would derive from the exercise of the gifts of its most intelligent individuals.

The fact that we now get our news from Europe in an hour instead of ten days is due in no wise to any effort or thing done on the part of the mediocre mass in the world, but was due solely and entirely to the vision, the genius and the work of Cyrus W. Field, who lost his entire fortune in an effort to furnish the people with a service that they ridiculed.

The fact that we are now talking without the medium of wires but may actually telephone to our friends through the air, is due in no wise to anything that the mass of people did, not even to the genius of Marconi alone, but is due to the fact that a "soulless corporation" in the possession of enormous capital was directed by men who were able to see the possibilities of Marconi's invention, which as yet was undemonstrated from a practical or commercial point of view.

Remember, it is always the individual who is the pioneer and who blazes the way for the multitude. All progress has been through these individuals, who have had the vision to look through the time-killing methods of their day and the courage to break with conventionality and precedent, and to use their newly discovered ways and methods. Only by the preservation

and encouragement of individual initiative is the germ of progress kept alive or induced to flourish. Kill individual initiative and all progress will cease and civilization die.

To teach men that the ignorant are as good judges as the educated or that the ordinary and mediocre are as efficient and useful as the extraordinary, is cruel because it is so utterly false.

## Chapter V

## THE REWARD OF LABOR

*The Laborer is Worthy of His Hire—But No More*

THE incompetence and improvidence of the so-called "laboring classes" has never been better described than it was by the late David Graham Phillips, who certainly was no friend of capital.

Phillips said: "The art of living is divided into two totally separate and independent parts. The first, the one usually regarded as the whole of the art, is how to get an income; but the second, which consists of knowing how to use the income, is totally ignored."

He said: "As you descend the scale of income, the conditions of ignorance, carelessness, and folly, in spending increase and their consequences become appalling!" Beginning with the foundation of living, *Shelter,* he says that: "The better class of tenants who do not damage property, who pay promptly and remain for long periods, are able to get their housing on a basis of 8 per cent on the sum invested in housing them, but the poorer tenants living on the verge of ruin are reckless and indifferent, often destructive and troublesome, irregular and uncertain, and landlords must have additional compensation for dealing with such disagreeable tenants. The result is that this class

of the poor is compelled to pay for their housing a sum equal to 20 per cent of the amount necessary to invest in housing them."

He then takes up the question of *Clothing,* and says that: "The investment in good clothes, that is, good from the point of service, calls for more money than the average poor family has at any one time. If," he says, "the poor only knew they would contrive somehow to make the tremendous sacrifices necessary to the getting of good quality in their clothes. It is well known that the trade of the poor is enormously lucrative. Goods for them are made to catch the eye, the untrained eye, which is unable to distinguish shoddy from real quality: no substance, no warmth, no durability. From shoes and stockings to hats, everything made to sell to the poor, is rotten with sham and shoddy, for the shopkeeper like the landlord feels that he must have huge profits to compensate him for dealing with such customers."

And next, the item of *Food.* "To spend an hour in a grocery store or meat shop in the poorer quarter of any city and watch the women and children buy is to have the heart wrung. Oh, the penalties of ignorance, the dollar so hardly earned—wasted, or worse than wasted! The poor as a rule prefer the kinds of meat that are least nourishing and hardest to digest. The poor do not buy in quantity and so the prices are nominally small but actually enormous. They do not buy flour for they have neither time nor place to make bread, and do not know how if they did. They do not even buy meat when they can avoid it, for they

have no facilities for cooking it, and the delicatessen shop tempts them with its cooked meats at prices that seem low. They buy coffee already ground at a price one-third to one-half more than if they would buy it unground and grind it themselves. The poor do not know the thousand tricks of the seller and dealer. Lacking all facility for storing and preparing food much of what they buy is spoilt and wasted, and finally the item of *Fuel.*"

"The poor do not buy by the ton or even by the half-ton, but by the bag, the bushel, the pail, and thinking to be economical they buy the very poorest quality of coal and pay the small dealer, who delivers it to them by the bag or pail, at a rate that is often as much as 300 per cent above the ton price."

This is a distressing picture, but it is worthy of notice that the whole penalty of poverty, to which Phillips calls attention, is due to the woeful ignorance of the individuals, who suffer so as the result of their ignorance, and that in nothing that they do in wasting their money do the rich or the near-rich profit.

The common statement made by those who attack wealth that the rich have accumulated their wealth by robbing the poor, is not and never has been true. The poor never produce as much as they consume. That is the reason they are poor and have nothing of which to be robbed. While wealth is the surplus product of production over and above consumption.

The incompetence of labor is well illustrated by the following story, told by President Branson of the Georgia State Normal School:

"Near the school was a tenant farmer, a good man, industrious, law-abiding, and intensely religious. A tenant farmer, who had lived for years and years upon the same farm, which happened to belong to a Dutch Land Company that was desirous of closing out its business in the State of Georgia. They offered the farm to the tenant on a ten-year loan at six per cent, and although his sons and his neighbors begged and pleaded with him to buy this farm on which he had lived so long, upon these easy terms, he absolutely refused to consider the proposition. His sons then persuaded a Macon business man to buy the farm from the Dutch Company on the same terms offered to their father in order that they and their family might continue to live on the place. The Macon business man paid the first payment, one-tenth of the purchase price out of his business, while the farmer and his sons continued to pay the rent of the farm as before, with the result that at the end of the ten years the tenant by his payment of the rent for that year enabled the Macon business man to pay the last payment on the farm to the Dutch Company. The Macon business man now owns the farm, every dollar of the purchase price of which has been paid to him by the tenant-farmer as rent for living on it. Without knowing it this tenant-farmer has paid for the land, which the Macon business man owns, simply because he lacked the foresight and initiative of ordinary intelligence."

Some men have imagination, vision, initiative, daring, executive ability, call it what you will, but it is that which leads them to dare and to do, while the

great mass of men refuse to do anything unless somebody else takes the responsibility for it. The greatest and oldest game in the world is "Passing the buck."

Wherever you go you will find two classes of people, those who are serving and those who are being served. There is just one reason for the difference between the two classes. Those who are being served either have themselves been thrifty and saved something, or they have had someone before them who has been thrifty and saved something, while those who serve have never saved anything nor had anyone to do it for them.

If the five per cent of our people who had accumulated and were the possessors of most of the wealth in this country had not saved their surplus and in this manner piled up the wealth that made it possible for us to spend and lend forty billion dollars in winning the war, our whole population would have been enslaved, and most if not all of the laborers who are now condemning wealth would be engaged in involuntary and unpaid work for the German armies. It is a serious question whether thrift can be nourished and further wealth accumulated for the protection of the race unless the thrifty and the industrious are relieved from the taxation, forced upon them by the demands of labor, which has destroyed the many little fortunes and competencies which our previous American policy has encouraged as an evidence of good citizenship.

The injustice and uneconomic character of the attacks upon wealth have been proven by the fact that since we entered the war, the salvation of our country,

depending upon making the best use of the wealth of the country and of the things created by and representing that wealth, has required of the Government the suspension of practically every law that it had previously passed, imposing these unjust and uneconomic burdens upon wealth. It is doubtful if the war could have been won if the administration had been compelled to observe the laws for the regulation of wealth that it had passed for the purpose of penalizing and plundering the private owners of wealth.

An evening paper, in a recent editorial, works up a tremendous amount of indignation over the fact that the net profits of the packing business for the three years of 1915-1916-1917 were 121 millions more than they were for the three years of 1912-1913-1914, and declaims against the cruel process by which the meat packers have in three years taken 121 million dollars extra toll from the pressing needs of the nation and people. But this extra toll, which it denounces as criminal, amounts to only 40 million dollars a year, and is a bagatelle compared to the 800 million dollars wrung from the pressing needs of the nation and of our whole people by the labor union Railroad Employes, who in addition to wringing this enormous sum from the pressing needs of the nation and people are giving them a rotten and inefficient service in return, a thing which cannot be charged against the operators of the meat packing business.

How much longer are our people going to stand for the demagoguery and deceit that are being practiced upon them?

It is time to realize that there is no double standard of morals in Government any more than there is in personal relations! If a practice is morally wrong when indulged in by individuals, it is morally wrong when indulged in by the Government itself, and if the Government to save its existence is compelled to adopt certain practices and to use certain devices, and finds that in so doing there is no moral turpitude, it cannot impute moral turpitude and criminality to individuals who follow the same practice.

And further, what is wrong toward labor is equally wrong toward capital, and if labor can show that it is entitled to any privilege, certainly surplus or accumulated labor is entitled to the same privilege and consideration, even though the thriftless laborer may call it capital or wealth!

It is the most tragical thing about the career of Colonel Roosevelt that having, while Governor of New York, induced the passage of two of the most uneconomic laws attacking wealth ever enacted; and having as President of the United States pursued the attack on capital and big business by instigating the Northern Securities case and attemptng to enforce the so-called "Sherman Anti-Trust Law," and pressing charges against the railroads, against the packing companies, against the insurance companies, against the Harvester Trust and others, he lived to see the folly and unsoundness of his attitude towards business demonstrated, and saw the Government compelled to abandon its entire program and reverse its whole atti-

tude toward wealth and big business in order to save itself and our people.

While President, Colonel Roosevelt delivered an address before the students at Harvard, in which he railed at the men who did not do real work. Astonishing! for there was probably no man who ever lived who knew less than Roosevelt the meaning of real work. It is doubtful if he ever earned a dollar in his life by physical toil or by the construction of anything. He never earned a dollar in his life in commerce, or business of any kind, and dying, there is not a spot on the earth that shows a dollar's worth of improvement or betterment that he produced.

Compare, if you please, the record of his life with that of James J. Hill, who constructed thousands of miles of railroad and opened up millions of acres of land that were formerly wild and inaccessible; who bettered the conditions and raised the wages of hundreds of thousands of men and women by the opportunities for work that he created. Look at the cities, whose creation and growth he inspired, and the wealth and prosperity of a half dozen states which his vision conceived and which his work made possible.

Which was the greater worker, a Roosevelt who railed at swollen fortunes, malefactors of great wealth, and who sowed discontent and envy among the masses of the people, or a Harriman, who took the bankrupt Pacific railroads off the hands of the Government and by his genius for management and development not only recreated them and made them efficient servitors of the states through which they ran, but by improving

their service and reducing their transportation costs brought prosperity to a score of states and increased the wealth of the people of those states, which were dependent upon them, by a sum not less than 25 billion dollars.

The fortune that Mr. Harriman left is a mere pittance compared to the wealth which he created for others. A commission so small when expressed in percentage of the money that he made for others, that if the ordinary man were offered business on the same percentage he would spurn it with contempt.

The foresight and courage of Commodore Vanderbilt in the organization and consolidation of the original scraps of road and in the construction of the missing links that created the New York Central & Hudson River system, was what determined the leadership and pre-eminence of the State of New York in population and wealth in our country. Every man who is proud of the fact that the Empire State is the first state of our Union in population and wealth owes a debt of gratitude to old Commodore Vanderbilt. The paltry millions that fell to him were an infinitesimal part of the total wealth that his work gave to this state and its people.

It is strange that President Roosevelt, having devoted his entire adult life to criticizing the deeds done by the doers of things, should have advised the students of Harvard to be doers rather than critics of the deeds that others do. The doers so freely criticized and characterized by Roosevelt, as "malefactors of great wealth," "plunderers," "predatory geniuses," etc.,

are the manufacturers who built up the greatest plants in the world; the merchants who extended the market for American-made goods to the uttermost limits of the earth; the builders of those great railroad systems that have carried the products of American labor to market at the smallest cost ever paid by human labor to deliver its products. They are the men who went into the desert and the wilderness and there built great states and made opportunities for millions of men, while Roosevelt, who never produced a dollar's worth of any commodity in his life, secured his opportunity to become the President of this great people by criticizing and leading in the attack upon these men who had done these wonderful things.

There have been many efforts to make an economic explanation of "the panic of 1907," but none can be found because none exists. There never was a financial convulsion in the history of the world that was so truly a panic and based on fear alone as was the one of 1907. It was due solely to the charge, first made by Roosevelt, that all great bankers and business men were "malefactors of great wealth." His cry was taken up by all the lesser politicians and demagogues, chattering the Roosevelt vocabulary of "plutocracy," "sordid oppression," "crookedness," "unscrupulous," "dangerous," "criminal," etc., until every man who had a dollar's worth of anything became afraid to trust anybody else and tried to liquidate and hide hard money in his fear.

It is one of the curious things in connection with the attack on great business corporations and the

efficient service which they render through their command of great ability and large capital, that they reduce prices. Their incompetent and inefficient competitors always claim that this reduction of prices is due to some sort of secret rebate, or is a deliberate underselling to force them out of business, and ignore the prime economic feature of the whole business, which is that the reduced prices inure to the benefit of the mass of people who are the consumers of the product.

It is strange indeed that these enemies of wealth and efficiency are able to command the hearing that they do when the thing that they ask is that people shall compel efficiency and capital to charge a higher price to consumers than is economically necessary in order to give their inefficient and uneconomic competitors a chance to exist at the expense of the people, who would be better served by the large corporation with its better product produced at a less cost.

Practically every law that has been passed in response to popular clamor against wealth has been to declare criminal some practice that was economically sound and morally just, in an effort to handicap the efficient and economical business operations of able men and give the incompetent, the little and the mean, an opportunity to live off of the necessities of the poor. What is needed is not a reformation of business methods, but a repeal of unjust and uneconomical laws that are hindering and preventing the able and the efficient from giving the masses of the people the benefit of economic production and cheap distribution.

The legislation which has prevented this and kept alive the expensive, inefficient and uneconomic little business men, is the thing which above everything else has raised and keeps up the cost of living.

Few people realize how the great developments which have made possible the luxury and comfort in which they are living are due not only to the existence of wealth but to the courage, foresight and real beneficence of wealth.

Our people have so long been relieved from the primitive methods of harvesting and are so ignorant of the use of the hand-sickle, or of the flail, or of the threshing floor, that they do not realize how much of labor has been saved and how much of wealth has been created for the farmers by the invention of harvesting machinery.

The money made by the harvesting companies is a small percentage of what their devices and machinery have saved not only the farmer but all the people who consume farm products; yet our people have been taught that the International Harvester Company is the last word in plundering practice, thievery, and unfair tactics.

Andrew Carnegie, in his "Gospel of Wealth," called attention to the great changes in the standards of living brought about by modern manufacturing methods based on the use of great capital. In the primitive days before wealth in large quantities existed, articles were manufactured at the domestic hearth, or in small shops, which formed part of the household. The master and his apprentices worked side by side. The apprentices

lived with the master, and when they rose to be masters in their turn, there was little or no change in their mode of life, and they in their turn educated in the same routine, their apprentices.

The inevitable result of such a method of manufacture was crude articles at high prices like the hand-made nail. Today, with machines made possible by wealth; with manufacture in quantity made possible by large capital, the world obtains commodities of excellent quality at prices which even the generation before this would have deemed not only impossible but unbelievable. The result is that the poor today enjoy what the rich of those times could not even afford. The luxuries of those days are the commonest of our necessities today. The poorest laborer today lives with more comforts than were possible for the richest of men a hundred years ago. The advance is due entirely to accumulated wealth and to its use as capital in production, and he would be indeed a foolish student of social conditions to claim that the masses of the race have not benefited thereby.

The real truth is that competition as we know it never existed, and never could exist, under the conditions that prevailed before the introduction of modern transportation methods. Each community was more or less self-supporting and it was impossible for any distant iron merchant to compete with the local blacksmith, who manufactured such iron horseshoes as were necessary for his local customers, but with the development of modern transportation along with modern industrial efficiency, true competition has been

developed. Whether the law of competition be good or evil, it is here. Evolution is competition! We must recognize it and adapt ourselves to it.

It is idle to pretend that competition can be preserved in some things and eliminated in others. In an effort to preserve competition, our laws have been drafted to prevent combination or the adoption of devices by wealth or capital, that would eliminate competition, but when individual men or bodies of men organized into labor unions find themselves compelled by the operation of the same law to work at high tension or to starve, they protest bitterly and cry out against competitive conditions, and endeavor to stop the operation of this natural law. The law of competition may seem hard or cruel in its operation in individual instances yet there can be no doubt that it is best for the race. Labor was not indulged in by the savage for it took little effort to satisfy his wants, and although we have traveled far from savagery, there are still but few individuals among few races who have learned to work voluntarily. The law of competition, therefore, has operated and will operate to insure the survival of those who have best developed the habits of work.

No man in the world can possibly consume all that he can produce, and if he works steadily at production he is bound to create a surplus. The only thing that prevents any man from piling up a surplus and so accumulating more or less wealth is his indisposition to keep up effort and to continue work when his con-

suming power is satisfied, or to take care of his surplus of production properly when it is created.

Political economists pay little attention to one of the greatest necessities for the constant production of surplus and the accumulation of wealth. Much of what we call wealth exists in the buildings and improvements that have been created out of surplus labor in the past, but these buildings rapidly deteriorate and depreciate or become obsolete and unfit for the location where they are, and must be destroyed and removed in order to replace them with better, more modern buildings suited for the needs of the community. This is only possible by the constant production of surplus wealth to cover or replace the wealth represented by the old buildings which must be destroyed, and to provide the surplus necessary for the erection of new. This constant deterioration and wasting away of wealth is a thing which has been given little notice, and yet it is true that there are not over two or three conspicuous private fortunes in the world today over one hundred years old.

While Mr. Roosevelt was President, he proposed to limit the size of inheritable estates and to make it impossible for men of wealth to leave all their property to their wives and children, a strange proposition to come from one who inherited the fortune that enabled him to abstain from work and business during life and devote his whole time to politics and agitation. The degree of his sincerity may be judged from the fact that his will did not contain a single public bequest but gave his entire fortune to his wife and children,

while it is significant that the chief possessor of wealth who died the same year, Mr. Frick, left $100,000,000, or four-fifths of his fortune, to public use and for public benefit.

Chief Justice Coleridge, in discussing the subject of inheritance, said: "The end of property is subsistence, by which end nature has bounded our pretensions to it, hence in a state of nature we cannot take more than we use nor hold it longer than we live and are capable of using it. The manner of acquiring property in a state of nature *is by taking it* or occupying it. All other modes of transmitting or acquiring property are acts of positive and civil law, *which laws prevent the property of the dead from reverting as it otherwise would do in a state of nature to the common stock.* The particular rules by which the endowment of property is regulated differ in every country in the world, and must rest at last upon one and the same foundation, the general advantage. All laws of property must stand upon the fact of the general advantage, for a country belongs to its inhabitants, and in what proportions and by what rules its inhabitants are to occupy, or own its property, must be settled by the laws which they create."

Justice Coleridge's remarks on the subject of inheritance are just as far as he goes, but he neglected to explain why the laws of inheritance have been so jealously preserved. In primitive society the property of the dead reverted to a state of nature and became subject to seizure by the strongest surviving individual in the immediate vicinity and this individual upon pos-

sessing himself of the property of the decedent usually proceeded at once to exterminate the children and family of the man who had just died in order to prevent any rival claimant to the property growing up. The common good, therefore, required the recognition of the rights of the children of the dead to their property in order to prevent this common slaughter and extermination of the family of the possessor of property. Surely those who are attacking property and the rights of inheritance do not wish to bring back the primitive conditions that prevailed before the rights of inheritance were recognized.

There is no such thing as dishonest wealth. All wealth must have been honestly created originally. If it is in the hands of one who does not deserve it, it can only have reached there in a distinct way. One can steal that which another has produced but the world has always recognized thievery and punished it. The producer of wealth may have a gambler's instinct and risk it in a gambling venture, as so many do, but it is impossible to denounce the winner in a gambling proposition and excuse the loser. The producer of wealth may be, as he often is, a spendthrift in which case he squanders it, or he may be incompetent in the matter of management and care or conservation, in which case he wastes it.

The existence of so many millionaires is in itself evidence of the extreme carelessness and improvidence of the mass of mankind. For if they were careful and thrifty and saved the surpluses that they make there would not be so much wealth scattered around for the

tireless gleaners or the industrious scavengers to gather up. Remember the fortunes made out of the garbage business!

Lyman Abbott once told of a man who put $60,000 into a gold mine and in two years without doing a stroke of work or using his brain took out $2,000,000. This, he declared, was not just and that society was going to change the conditions that made such a thing possible. Fortunately for Dr. Abbott he does not claim that the man who had the $60,000 did not use his brain in accumulating the $60,000, but he entirely overlooks the fact that no laborer dependent on his labor alone could have undertaken the work of digging for this gold. If somebody had not accumulated $60,000 to support labor while it prospected and hunted, this particular block of gold would never have been found, and as for the return, the Doctor ignores entirely the fact that the labor that prospected and hunted was supported and fed and clothed while it so hunted and dug, regardless of whether the gold had been found or not, and that if the gold had not been found, then labor would have turned to other work, not only no poorer by reason of the failure of its search but just as well if not better off than it had been before, while the thrifty man who had saved up the $60,000 and paid it to labor would have lost it all.

It is common to denounce the possessors of wealth gotten by the discovery of mines or oils and similar hidden things, but the search for hidden mineral wealth is open to everyone and is even more hazardous and uncertain in its return than is the search for game.

No one can engage in this hazardous search, uncertain of return, except one who has by extra effort theretofore accumulated a sufficient surplus to support him while he engages in this hazard, which may take him such a time as may compel him to consume his surplus and may have found him nothing when that surplus has been consumed and spent. Few are willing to take this hazard, and yet the hidden mineral wealth when found is for the benefit of all users thereof. It is, therefore, ethical, right and just that the individuals who are willing to spend their accumulated surplus in the search shall receive profits in proportion to the hazards which they have taken. Besides it is not they who put the price on the stuff found but the millions who refuse to take part in the search for it. It is always capital, even though it be small, that must take this hazard. Labor never hazards anything in such a search, for labor has nothing to hazard.

All these preachers in favor of a "fairer distribution of wealth" or a more even distribution of wealth, fail to show where the justice or equity is in taking surplus production from the man who works to produce it and dividing it with the man who went fishing or swimming while the other fellow worked. But above all, these preachers for "equitable division of wealth" and property ignore the moral effect upon the man who receives that which he knows is the product of another's labor, industry or thrift and which he also knows to be something toward the production of which he has contributed absolutely nothing.

President Elliott of Harvard declaims with great force against "the abuse of great salaries in corporations," and declares that the huge salaries of recent times enormously overpay their recipients, and he insists that the exaggerated salary is not really necessary either to get or to keep the best men.

In a corporation of which I have knowledge, a Vice-President drawing a salary of thirty thousand dollars a year, devised a new method of handling his company's business that saved them six hundred thousand dollars in a single year. By his single device he saved that company enough to pay the entire cost of his services for twenty years, and no one can tell what he will yet be worth to the company in the future. The truth is that this man is not being paid for his services at all but he is actually paying 95 per cent of what he earns to the corporation for the privilege of serving it, and this is far less rather than more than what most men of brains pay to the mediocre mass of mankind for the privilege of serving the ignorant and unappreciative people, who declaim against them.

One of the great insurance companies, that has for years kept a record of dishonesty and breach of faith in business, has called attention repeatedly in recent years to the enormous growth of dishonesty among the masses of the people. It does not pretend to give a reason for this growth of dishonesty, but there can be no doubt that it is largely, if not entirely, due to the constant preaching of inequity, to a general repudiation on the part of the mass, of the property rights of the thrifty and saving in the product of their thrift and to

the inculcation of the theory that what belongs to corporations or institutions belongs to anybody, and that the thief in stealing from them is merely taking back a part of what belongs to him.

What can you expect of the ignorant masses of people, when the Chief Executive of the Nation makes such a statement as this:

"They grew richer and richer until it became a national scandal."

Are the masses of the people to be encouraged to thrift and persuaded to save a competence for their old age if it is a scandal to grow rich?

Senator Tillman, after spending most of his life in attacking wealth, in his old age realized his mistake, and in one of his last speeches, said:

"Men with means have their place in the scheme of civilization, let them spend their money for works of art and bring them into this country free that they may be an inspiration to our own artists. If there were no inequalities of wealth we would have no palaces, no art, no progress, no civilization. *Equality is found only among savages.*"

Even William J. Bryan has seen a light. At a recent meeting of laboring men he said: "The reward of labor is increased by the man of executive ability. I recognize that there is a talent that may be called 'executive talent,' and that it is highly useful in the organization of industry, and it is entitled to its just reward. What is left over for labor is larger than what would be left if industry were not organized."

The talent for organization and management is so rare that its possessor invariably secures enormous rewards no matter where he lives or under what laws or conditions he works.

As Andrew Carnegie well said: "The ability of a man, whose services can be obtained as a partner, is not only the first consideration, but is such a consideration that if he have the ability, his lack of capital is scarcely worth considering. For a man with ability soon creates capital, but without the special talent required, the capital invested behind him soon takes wings."

The dissolution of several of our great corporations has in each instance resulted in the dissolution of a more or less efficient organization, and has therefore resulted not only in an economic loss to the community but has put an added burden of cost on the mass of people who had been and are users and consumers of their products.

The Standard Oil Company was compelled, in response to popular clamor, to dissolve into its original twenty or more constituent parts and so forced by law to impose a score of overhead charges upon the public instead of one, with the result that what constituted a single share in the original trust and sold for only $600, rose in earning power so that the twenty scraps sold for over $2,000. If the Standard Oil Company had done this of its own motion it would have been charged with watering its stock.

It would be amusing if it did not display such pitiable lack of economic understanding to analyze the

many wild attacks upon capital and wealth and the use of corporations, on the score of alleged stock watering.

*There is not and never has been such a thing as watering stock.* It is absolutely and utterly impossible.

A Chinese Emperor finding that people were hoarding the precious metals, took iron and cast it into large disks, which he stamped with the denomination of 100 cash, but the soldiers, whom he paid with this currency threw it away in derision, knowing that it was practically worthless. The Imperial stamp declaring it to be worth 100 cash did not deceive anyone for a minute. A later Emperor hoping to escape the experience of this one, took copper and casting it in the form of money stamped it as of the denomination of 10 cash, but the people were undeceived by the attempt of their Emperor to "water" the coinage. Recognizing the value of the copper they weighed it, found it to be worth intrinsically two cash, and thereafter all ten cash pieces circulated as of the value of two cash each. So it was that although they bore the denomination of ten cash, still when a merchant asked you 10 cash for a cake he received from you not one of these copper pieces but *five*. English kings had the same experience with their coinage as did the Chinese emperors, and modern corporation organizers and financiers have had exactly the same experience with their corporate shares.

When the Steel Corporation was organized the great banking house of Morgan issued shares that bore on their face a certificate that they were of a denomination of $100 each, but not one soul in the world was de-

ceived thereby. The public recognized the speculative character thereof and expressed its hope that efficient management and economic operation might give them some value. It therefore purchased a few at about 30 cents on the dollar, then deciding that its hopes were too remote of attainment, refused to accept the shares even at this valuation, and they repeatedly depreciated in public estimation until they reached a quotation of $8 for a $100 share, or about one-twelfth of the fictitious denomination.

At this price, which was all that the promoters could get for them, if they attempted to sell, there was little if any "water," and if the price of these shares has since approached, or exceeded, the denomination originally stamped upon them by the organizers and promoters of the Steel Corporation it is because twenty years of hard work, efficient management and re-investment in the business of the surplus earnings, created not "water" but actual property of an intrinsic value greater than the price at which the shares are now quoted. This is because the public, while recognizing the existence of property equal to or in excess of the par value of the shares, doubts the ability of its management, though known to be honest and efficient, to continue earnings in the face of economic conditions that threaten the possible market for its products.

And this is true of the shares of every company ever organized, promoted, and financed, where its shares have been sold to the public. The people have always ignored the denomination of the shares, or its nominal capitalization, and has expressed its opinion of the

real values by the price it has been willing to pay for the shares. This being true, it is idle to pretend that the denomination printed on a share certificate, in anywise deceives anyone, or is any possible offense, social or ethical, against government or people.

The payment in full in cash for a stock, which is asked for by these ignorant social economists, is no insurance either of values or of prosperity, for financial history is full of the cases of corporations, whose shares have been paid for in cash in full, that lost their money, spent it in useless development, and which sell today at a bare fraction of the actual cash par paid in therefor, while literally thousands of such companies have lost all their money and gone bankrupt.

Yet, if there were any merit in the argument against so-called "stock watering," the people ought in some way to have been protected when they invested in the shares of a company that had actually had $100 in cash paid in for every $100 cash certificate issued, but the whole world knows that this is not so, and furthermore, that it is impossible to make it so. How do you suppose the public determines the value of these new stock shares issued without dollar denomination? It makes such valuation as it can of the actual property held by the company, adds a little to this or deducts some according to its judgment of the promoters and managers and divides the result by the number of shares.

Socialists and political philosophers talk of unearned increment as tho it were peculiar only to the increase in the value of land. They ignore the fact

that the principle which adds to land that value which they call unearned increment operates in every branch of human endeavor. The growth of population which adds an unearned increment to land makes possible an increased circulation for a newspaper and so adds to the unearned increment of the publisher. It adds to the trade of the corner grocer and so adds to his unearned increment and makes the corner location so desirable that other grocers down the block bid high for the corner location. This same influx of population increases the demand for trucking, and so adds to the unearned increment of the owner of trucks. It adds to the demand for housing and so adds to the business and the unearned increment of the dealer in lumber and brick and other building materials. And lastly, by the increased demand for houses it increases the demand for labor, raises wages and adds to the unearned increment of the laborer. The truth is that there is no such thing as "unearned increment." The term should be driven from economic discussion and it should be finally recognized that any change for the better in the condition of a community, adds to the value of whatever any inhabitant of the community has to sell, whether it be land or trade or labor.

William Jennings Bryan, in an address to the students of the University of Pennsylvania, declared that: "No individual or corporation has a right to accumulate more than a fair return for services rendered to society. There should be a code of laws," said Mr. Bryan, "for the regulation of wealth which would put an end to the power of the individual to accumulate

vast sums of money. A man can rightfully collect from society no more than he honestly earns and the amount he can honestly earn is not more than what fairly measures the value of the services he does for society."

Yes, but can anyone estimate the value of the services rendered to society, to the world and the billion and a half people in it, of Mr. Rockefeller, who by making safe and cheap the use of petroleum and by building up an economical system of distribution has spread the use of illuminants throughout the world, turned the night into day, banished ignorance and superstition, and done more to make possible reading and study, and the spread of education and culture, than all the men who lived in the world before his time? Who can measure the value of the services to mankind of Thomas Edison, with his many inventions? Or a Philip D. Armour, who by the development of refrigeration and cold storage, has brought within the reach of the poorest in the land, a quality of meat that was not only out of the reach of the richest but was absolutely unknown until he introduced his methods into the packing house business? Or who shall say what it was worth to the world to discover the method of refining sugar, that reduced it from its original cost of 25 cents or a shilling a pound, when that represented a day's work, to its recent price of 5 cents a pound, which in our country at least is not over one-one-hundredth of the wages for a day?

If it is right for labor to demand and get as much as it can for its work, is it not equally right for the man of brains to demand and get as much as he can for his

thought, or his invention, or his device; and is it not equally right for the man who has accumulated a surplus, either by work or by his thought, to demand and get as large a share as possible in the joint product of his surplus and the work of those, who appeal to him for support out of his surplus, while they labor to produce some thing of extraordinary value that could not and cannot be produced unless labor is supported during the long or difficult task of production? The same morality covers them all. And, if ignorant labor scatters and wastes its surplus production, is it immoral or criminal for intelligent thrift to glean and gather what would otherwise be lost?

## Chapter VI

# THE CRITICS OF WEALTH

### *You Can't Eat It Up, or Drink It Up Without Killing Yourself*

AMUEL J. TILDEN, presiding at a dinner given in 1877 to J. S. Morgan, grandfather of the present J. P. Morgan, and proposing the health of the great banker, who founded this house, said:

"Every man, who by any effort reduces the cost or increases the output of any services demanded by society, to that extent enlarges the productive capacity of human labor and increases the result of its exercise. These men whom we see around us, the owners and manufacturers of colossal capital, associated together in great corporations, undoubtedly have an illusion, at least some of them have, that they are working for themselves, but I have the satisfaction of knowing that they are chiefly working for their corporations and for their stockholders, but I, on behalf of the public, assert that in the main they have worked and are working for the public. While we see these men with colossal fortunes and managers of great associated capital, seeking to all human eyes their own selfish gain, there is a wise and beneficent overruling providence which directs events so that nearly all they do in lessen-

ing the costs of these services results not in enlarged profits to their companies and to themselves but in diminishing charges and so inures to the benefit of the masses of the people. It is not possible under natural laws that any but a comparatively inconsiderable share of the results of their planning, their efforts, their skill and their sacrifices, shall go anywhere else than to the benefaction of the general public. And even this comparatively small share which those who do the transportation for human society are able to receive as profits, so long as it is invested as active capital for doing the necessary and essential services in the work of transportation or otherwise, is by creating better machinery, better processes, and wider competition, all resulting in cheaper service to the public. When we come to the small fraction which the owners or managers of these great capitals are able to apply to their personal use, or to lay up for such use, the first thing that strikes one is that they cannot even carry a carpet bag on their long journey to that bourne from which no traveler returns. Even these small fractions which they accumulate, after their owners have left them, sink into the mass which society in the aggregate owns and undergoes a fresh distribution." It is difficult to see how a man, who was so great a statesman and so sound an economist, failed of election to the Presidency of the United States.

Illustrating this point, is a recent figure used by the late James J. Hill, who said: "The law-making authority has fluttered about the natural and necessary transportation much as a fly buzzes about a horse.

It may sting and annoy but it never hastens nor impedes the progress of the horse unless the flies become thick enough and bite hard enough to bring him to a halt in the effort to drive them away."

This is exactly what has happened in the railroad situation. The horse, which though irritated for years by the biting of the legislative flies, has continued pulling his load, has finally found the flies so thick that it has been compelled to stop and bite and kick the pests which refuse to be switched off with its tail. The people who have been applauding the buzzing of the flies, may now decide how they like the service of transportation produced thereby.

Dr. Josiah Strong, in one of his addresses, stated that: "For twenty years the church had deplored the fact that workingmen as a class refused to attend the church, and claimed that it was because the workingmen felt that the church belonged to the capitalistic class." The truth is that the laboring class as a rule are too ignorant to understand a spiritual truth or to respond to a religious appeal. They are too much interested in the questions of food and drink and the satisfaction of primitive appetites, to understand or to have any interest in spiritual things. Then too, the working man as a rule is unable to see the use or benefit of churches and not only refuses to give up any of what he calls his "hard-earned cash" to churches but he refuses to go to church or attend a service where he is asked to give up anything. Only the Catholic Church by keeping itself on the mental level of the ordinary working man has been able by taking

advantage of his ignorance and superstition to hold some of the workingman's interest and allegiance and thru fear to force from him some small part of his earnings, in an effort to propitiate the forces that he is unable to understand.

A prominent Catholic clergyman recently declared that: "If employers were animated with the spirit of Christian love, labor would be satisfied with the conditions under which it worked." It is difficult to see on what the Reverend Gentleman based this remarkable statement. He neglects to say how this love is to be exhibited—should the employer encourage labor to work more or harder or more honestly and efficiently or does he mean that the employer should voluntarily give to labor more than it earns and so encourage it to work less?

Economic history is full of the record of the experiments made by employers to increase the output and efficiency of labor, but these efforts unless based on the demand that labor shall work and deliver the goods or starve have invariably failed. In Mexico, American employers doubled and trebled the wages paid to Mexican labor by their Mexican and Spanish employers in the hope and expectation that they would get better work and more continuous work, but the result has only been to enable the Mexican laborer to earn as much in two or three days as he formerly earned in six, so that when he had worked but two or three days he invariably quit work for the rest of the week to spend his earnings. Exactly the same experience has been that of employers of negro labor in the South, and

it is a notorious fact that during the recent war the raising of wages in an effort to get increased efficiency and output only resulted in lowering efficiency and output and compelling high-paid laborers to take two or three days off from their work every week in order to spend their money.

A student of this question investigated the results of Henry Ford's minimum $5-a-day wage at his automobile plant, and reported that the result had not been any increase of efficiency or output but only an increase of spending and dissipation.

The reports of the insurance companies indicate that less than 4 per cent of all the persons dying have accumulated sufficient surplus to leave anything large enough to be considered an estate or to demand administration or legal attention. It is also a significant fact that certain statistics show that about four or five per cent of our population are owners or holders of shares of the corporations of this country. In other words, practically every person, who has accumulated any property at all is a partner in some one of the business or utility corporations of the United States, and an attack, therefore, on our corporations is an attack on every individual who has been thrifty enough to accumulate any surplus above what he has been compelled to spend in living.

The laborer, who must feed himself each day with the product of that day's work, cannot undertake a labor the returns from which can only be reaped in the future. It is only the man who has accumulated a

surplus large enough to keep him through a year, who can plant and sow and wait for the harvest.

It was not until some men had accumulated surplus enough not only to support themselves but to support many of those laborers, who live from hand to mouth, for a year or for several years that mankind was able to attempt and to carry out those great works that now remain to us as monuments of human industry. Without the thrift and foresight of such individuals to accumulate such surpluses of supplies, we would be without those great works like the Pyramids, the Tombs, and Reservoirs of the Nile, the Irrigation Systems of India, the Canals and Walls of China, and all those things that have done so much to make habitable the inhospitable parts of the earth and to lighten the burden of living for millions of mankind.

When the great tunnel through Storm King Mountain and under the Hudson was being constructed in order to bring a pure water supply into New York City, an irresponsible newspaper man was sent up to write a story of the work. He was taken down in the tunnel and shown the men at work, and when he came out, irresponsible as he was, his story recorded a most extraordinary impression, which I shall give in his own language:

"It was curious," he says, "to note the purely mechanical stroke of the crowbar and shovel; the workmen simply went faithfully through the motions that they were hired to make, not one of them worked as if he had an interest in the job yet not one was lazy or shirking. The engineers, however, showed the intensest

interest, a nervous, high-strung devotion, as if brain and heart were all in the enterprise. On them was the responsibility of the shovels, the blasts, the results, but the living machines, the workmen, just put forth the muscular movements that the engineers had calculated to be necessary.

"The exposure and danger were alike to both the engineers and the laborers, but the laborers could give their undivided mental energy to keep up their pluck, to safeguard themselves from nervous depression, to keep muscles mechanically moving, *not an ounce of energy did they need to expend in thinking!* The workingman swung the tools, swung and swung, until his shift was relieved and he was done, but the eager and expensive thinking was burning up the vital forces of the engineers. The push, the relentless will, that attacks each fresh menace of defeat; the hours by night and day when dauntless faith in his figures alone sustains the engineer as he defies nature, these things earn large compensation. Nothing of this was suggested by any remark of the engineers themselves, who seemed happy as conquerors, but I should want others to see it in this light."

Only accumulated wealth to an enormous amount has made possible this extraordinary undertaking that is to furnish pure mountain water to the millions who live in New York City.

Only accumulated wealth has made possible the network of railroads in our country that has made it so easy and so cheap to transport food and other supplies from any part of the country to another, and so

has made impossible in this country the famines that have swept off the populations in others.

Only accumulated wealth has made possible in this country the scientific light which has made possible home reading and study of evenings and so made our people the best educated and best informed people in the world.

It is useless to rail against the idle rich for unless they are educated and thinkers they soon exterminate themselves. I once knew intimately an Irish railroad contractor, so ignorant and uneducated that it was impossible for him to write a longhand letter. He could barely sign his own name, yet he had made himself more than a millionaire by railroad construction in judiciously selected locations. Ignorant, uneducated and uncultured, he had no interest in the world except money and complained bitterly that his money was of no use to him because he could not eat it up or drink it up without killing himself. In an effort to keep him from doing that I undertook to get him interested in art, and finally induced him to spend several hundred thousand dollars in buying a collection of the best modern painters.

One of the great Socialist papers complaining of the financial methods of the late J. P. Morgan, wrote an editorial, asking: "Why don't the people hire J. P. Morgan and be done with it?" The strange thing about the Socialist writers and thinkers is that they fail to realize that that was exactly what the people had been doing from the time Mr. Morgan entered business. He had been in the employ of the people, gathering to-

gether the little surpluses from here and there until in his hands it became a surplus of a size sufficiently large to construct great service institutions for the benefit of the people. The so-called fortune that Mr. Morgan left at his death was really only a small commission paid by the people to Mr. Morgan for his lifelong services in their behalf.

One of its readers protested to the New York *Journal* against the purchase by J. P. Morgan of a rare book at the Hoe sale for $42,800 and asked the *Journal* to write an editorial denouncing such waste, but the *Journal* replied that, "They were unable to criticize Mr. Morgan's action in paying $42,800 for a book," saying, "first, we must point out to our reader that the world is no worse off or poorer now than it was before Mr. Morgan bought the book. Nothing was actually spent when the book was bought. The only difference is that $42,800 that once belonged to Mr. Morgan now belongs to the heirs of Mr. Hoe. Does that make any difference to anybody or do any harm? Not a bit of it! If, however, Mr. Morgan had taken $42,800 and squandered it by employing men in useless labor and taking them away from useful labor that would be a loss.

"The big prices that Mr. Morgan pays stimulates research and sets many men to hunting in ruins or in old book stores and picture galleries and collections for valuable works of art. A man renders great service to the public and to the future, who collects these priceless treasures, puts them in fireproof buildings, as Mr. Morgan does, where they will be safe

permanently, and makes it possible for all the people to see them and study them and get from them education. Mr. Morgan at least has made the future secure by gathering them together and protecting them instead of leaving them scattered in the hands of many, and probably, forever lost. But there is another particular thing that Mr. Morgan has done, finer than collecting pictures, and more magnificent than building up a $1,500,000,000 Steel Corporation. Mr. Morgan has spent in the construction and maintenance of a Lying-in Hospital, devoted to the care of poor women and babies in New York City, more than he ever spent on any book or picture or collection at any time. In the Morgan Hospital, mothers in childbirth receive the best care that science can provide. They are looked after by the best nurses, highly-paid, thoroughly trained. They are asked no questions about their religion or nationality. The fact that a woman is poor and soon to be a mother is sufficient to obtain for her entrance to Mr. Morgan's Maternity Hospital. Mr. Morgan does in his hospital with the money that his financial genius has given to him, *the work that the public ought to do but which the public does not know enough to do. Personally, we are extremely glad that Mr. Morgan has been able to pile up millions, since with the millions he does for the people most of the things that they have not brains enough to do for themselves."*

COULD WEALTH HAVE ANY GREATER DEFENSE than that coming from this paper, notorious for its attacks upon wealth? And take notice

that the hospital referred to was constructed with part of the profits of the organization of the Fifteen-Hundred-Million-Dollar Corporation, which the *Journal* has so frequently condemned.

Why could it not be equally just to Mr. Rockefeller, who through his wonderful Foundation has for years conducted a Bureau of Medical Research that has brought untold benefit to the whole population of the earth? He has done more to spread the cause of education than any man who ever lived, and is using his genius for organization to insure the continuance of the benefits that he has conferred on mankind, after he has departed this life.

Several years ago, in describing himself and others who have accumulated vast fortunes, Mr. Rockefeller said: "I am harnessed to a cart in which the people ride; whether I like it or not, I must work for the race. The first step I took in business obligated me to the men who worked for me and who thenceforward looked to me for employment, and investors who put in their money and looked to me for results. The workingmen, numbering but a few score at first, then hundreds, then thousands, and now, approximately, a million and a half. There was a similar increase in the number of investors, who were holding me to account, while I worked for myself, I had to work for them. We are servants—not masters, we, who are or have been engaged in large business affairs. It is our most vital interest that the country shall prosper, and that all the people shall prosper, for only then can we find among them a market for what we produce.

The people can destroy us, or our business, but in so doing they destroy our power of serving them. In fact, we would probably suffer the least. The richest man in the world can only eat three meals a day, and it does not take much to dress as well as is possible or to provide real luxury in living. The men who have acquired the largest fortunes have not pursued wealth. Had they desired money for the enjoyment of money, they would have stopped far short of spending their whole lives as they have in the struggle, that is business, but these men continue to toil at their desks, because they love achievement. They work for the keen delight of creating something where nothing was, and some time the people will be convinced that these men were toiling for love of their country as well." While ignorance strives to destroy what it does not understand intelligence labors to reproduce in physical aspect that which it has seen in the mind's eye long before.

The investment of wealth in the construction of large plants that have superseded small ones has resulted in the decrease in the price of kerosene from 30 cents a gallon to 10 cents a gallon; of sugar from 20 cents a pound to 4 or 5 cents per pound; of gas from $2.50 per 1000 feet to $1.00 per thousand, and electricity from 25 cents a Kilowatt to 2 cents a Kilowatt, if used in large quantities. The charges of 8 and 10 cents a Kilowatt now made for ordinary lighting service are due entirely to the cost of installation and the delivery of current in such small quantities as are used by the ordinary users of electric light. It is like asking your milkman to deliver cream by the thimbleful.

Careful investigation has discovered the fact that the prices of non-trust articles have advanced much more than the prices of the articles manufactured by trusts, and this is as we would have a right to expect, for articles manufactured by the largest corporations, or trusts, have every facility that great capital can supply and command a higher efficiency and better skill than articles manufactured by smaller or non-trust producers.

Two different investigations conducted by the Government have disclosed the fact that the meat packers do their business on less than a two-per-cent margin, while the small dealer of meats, of poultry, or of green vegetables, makes from 100 to 300 per cent on every sale. I know one keeper of a stand in front of a meat shop whose capital is only $100 but his turnover is $15,000 every year and out of it he makes $5,000 net profit. The retail prices of everything are abnormally high because there are too many retailers in the first place with too great an expense for rents and duplicated delivery service. Instead of attacking the Packing Houses for converting cattle and hogs on the hoof into meat on a two-per-cent margin of profit, the whole meat-consuming public should ask the great Packing Companies to extend their efficiency into the retailing of meat and put out of business the hundreds of thousands of small meat shops that are compelled to charge the people abnormal prices for meat in order to run their small, uneconomically conducted businesses. It is possible that the Packing Companies would make additional large profits by doing so, but they would

save the masses of the people who buy meats, hundreds of millions of dollars by so doing. Think what it would mean to every meat eater if meat was distributed as economically as the Standard Oil Company distributes oil.

The experience of every attack on a so-called "trust-produced article" has been, that the break-up of trust methods and trust distribution has destroyed the efficiency in that line of business and made prices of such commodities higher to the consumers throughout the world. What is the use of declaiming against profiteering while you keep on clamoring for laws that protect the profiteers and legalize their methods and impositions?

The middlemen, who have made their livings heretofore, by standing between the producer and consumer, very naturally object to being eliminated and driven out of their easy livings. It is to their clamor that most of the economic legislation that harasses business should be attributed, but as certainly as the law of gravitation forces water to run down hill, so those methods that mean cheaper production and more efficient and economical distribution will tend to establish themselves in spite of legislative prohibitions.

People must be brought to realize that the great organizations that serve them so well are only possible through the existence of great wealth in the first place, and through the investment of that wealth in the production of articles for public use and construction for public benefit and service. The impossibility of the thriftless providing for themselves is nowhere better

illustrated than in this matter of service. The railroads of this country were only possible through the use of the wealth of this country in their construction, and as long as wealth was protected in this form, the construction of additional railroads for the service of the country and the people in it continued. But when attacks began to be made upon wealth in the form of railroads, it became impossible to get new wealth to invest in this way. As the people have been getting no additional railway service on this account, either in new mileage or in additional trains and car service, traffic became congested, rolling stock deteriorated, and as a result, the labor of the country is suffering today from poorer train service, greatly increased costs, stagnation, and destruction of its own prosperity, because of its own foolish attack on the surplus savings, or wealth, of those who formerly furnished them with abundant train service at a cost more than 50 per cent less than they are paying now.

People in attacking the corporations seem to imagine that a corporation is some great monster that is self-creating and that devours them. The truth is that a corporation is one of the most beneficent devices of thinking men to enable people to contribute as much, or as little, as they please toward a fund to be used in some business or in some project without hazarding the rest of their savings or property. A corporation is nothing but a limited partnership, toward whose common fund the separate partners have contributed in proportion to their holdings of shares. Any

given corporation is therefore simply a partnership made up of the farmer, the machinist, the merchant, the clergyman, the school-teacher, the doctor, the lawyer, and rarely the banker, who have contributed their shares to the common fund. I say, rarely the banker, because usually the banker instead of contributing to the original fund loans money to the partnership, so that the fund contributed by the others is security for his loan.

Mr. Darwin P. Kingsley, in an address made some time ago on the subject of recent legislative tendencies, declared that: "It was no remedy to make success a crime, since life and liberty cannot be protected by failure." Someone attempted to answer him, declaring that the "Sherman law denounces as criminal not success but the wicked methods that certain men have adopted to attain success." Now the Sherman law in its terms *prohibits and denounces as criminal, combinations or consolidations by or between any persons, businesses or corporations that formerly were competing with each other.* It ignores the fact that the competition that it sought to perpetuate nearly always resulted in the failure and elimination of one or the other of the competitors. Will anyone attempt to prove that it is wicked to save something out of the small businesses that are unable to operate economically or efficiently and to give the public the benefit of the increased economy and efficiency that result from consolidation and the cutting out of the cost of duplicated service?

I have in mind, two municipally-owned lighting companies, where the municipalities found it impossible to get enough business to pay the expenses of operating their separate power houses much less to pay the interest on the city investment in the plant. They sold out to the privately-owned company and saved the city the deficit from operation, paid off the bonded debt created for the construction of the plant, relieved the taxpayers from the interest on this debt, and by giving the privately-owned company a much increased volume of business without increasing its plant or cost of operation, enabled it to furnish service at a lower rate and still make a good profit on its capital, which it had not been able to do before.

Socialistic legislation has attempted to dictate the terms on which private capital might engage in public service, but the experience of the people with this sort of legislation has shown conclusively that private capital cannot be compelled to furnish public service on terms that are not satisfactory to it. While the attempt of a community to make compulsory levies upon capital in the nature of taxation in order to furnish this public service through municipal plants has resulted in capital fleeing from the community and so leaving the community poorer than it was before.

If I and my friends together, raise a million dollars, and we have the choice between putting that money into a manufacturing plant, or in the building of a light and power plant from which to serve the public, why should we be limited in our profits in the public

service investment, while our profits in the manufacturing business would be limited only by our ability to turn out goods and sell them at a profit? How much public service do you believe the people would get if we were limited to six per cent on our investment, if it were spent in public service, while we might easily make one hundred per cent if we spent it in manufacturing goods to be sold to the very same people, who would use the service of our light and power plant if we invested the money in that line instead?

M. Georges Aubert, a prominent French banker, in some economic studies, published some years ago, after an exhaustive investigation of the business of America compared to the business of Europe, said: "The great business corporations of America do the maximum of business because they have the maximum of quality and the maximum of power to produce. It is impossible to dream of their eventual disappearance, on the contrary, they must grow more and more."

Discussing the growth of wealth in America, and its causes, M. Aubert said: "The American has one enormous advantage over the French and English, and over Continentals, he works in a land where everybody succeeds; where prosperity is unceasing; where the unfortunate, as we know them in Europe, do not exist; where people unlucky in business, even those who have failed in business, get back on their feet again without loss of time, a thing utterly impossible in Europe. In this, the American is aided by the very great freedom given under the American laws to all

American citizens, in civics as well as in commerce and finance, while our French laws are based upon the permanent control of the individual in all of his manifestations."

Wherever government interferes to control or to regulate, it hinders production, hoards product, impedes distribution and prevents consumption while the hoarded products spoil and waste.

## Chapter VII

# THE AMERICAN ATTITUDE TOWARD WEALTH

### *Can We Buy Peace by Paying Blackmail?*

THE reason for the great prosperity and development of the United States has been that in spite of all uneconomic legislation, no nation has been so protected from Socialism by its fundamental law or has given such protection to private property as we have here in the United States. The provisions of the Constitution operated to protect the thrifty and the industrious until the recent Amendment providing for the Income Tax, which was so loosely drawn as to open the door not only to the confiscation of income but to the plunder of the property itself from which the income is derived.

In Europe the system of property ownership was based on the protection of the occupant of the land from raids and wars, and so the occupier of land paid to a military overlord a share of the product in return for this protection. This is what we call the Feudal System, but in our Colonial days the settlers had no military overlord. They did their clearing and farming with their rifles at hand, and when necessary voluntarily organized themselves into bands either to drive

the Indians farther away or to punish them for their attacks, and gradually as population became thicker and it was not necessary for all able-bodied men to engage in this work of protection, they taxed themselves voluntarily and used the proceeds to pay professional soldiers to protect them.

When our Government first established itself, practically every adult male in the Colonies was either an owner of land or expected soon to be, consequently in the formation of the Federal Constitution the rights of the owners of land were carefully protected, and nothing was incorporated in it that would operate to discourage the individual initiative necessary to induce young or courageous men to go Westward into the wilderness and by their individual industry create values out of lands that were unoccupied and valueless.

Most of the older men, who were members of the Constitutional Convention, had done the same thing with the land they then held, and with a knowledge of how the overlords of Europe not only claimed title to the land but freely dispossessed therefrom tenants, who had so long occupied it and cultivated it as to become to all intents and purposes the owners thereof, they carefully protected themselves from any such system ever becoming prevalent in this country by providing that none of the private property which they had created out of a wilderness should be taken without due process of law and compensation. The experience of the Race with all governments recorded in history had proven the wisdom of such a provision, and they did not intend that the government which

they were setting up should ever have the right under any pretext of necessity to adopt or pursue a policy of confiscation.

The experience of this country of ours in the past four years has shown how quickly the Government has done exactly this thing as soon as the protection provided in the original Constitution had been waived.

Another thing which our forefathers provided against was the prevention of that system, so prevalent in Europe, of declaring political revolutionists outlaws and confiscating their property to the exclusion of their heirs. So the founders of this country provided that there should be no attainder of blood that would prevent the inheritance of property by the heirs of any man.

It was with an eye to the experience of private individuals under monarchial governments that made the drafters of the Constitution provide that no law should be passed impairing the obligations of contracts, so when a contract was made and the consideration paid, an individual had a right to depend upon its terms being carried out. It is foolish indeed for political philosophers to pretend that this provision was never intended to apply to contracts between the people on one hand and individuals who contract to supply them with service on the other.

People who rail at corporations fail to realize that the first corporations here, as well as in Europe, were Church Organizations, and then Monastic Orders and Educational Institutions. The Dartmouth College Case, which laid the foundations of corporation law in this

country, involved the rights of men associated for the purpose of conducting an educational institution and not a business enterprise for profit. It has been argued that had the case been otherwise the decision would have been the reverse, but what else could Judges with consciences do but decide as they did, and hold that when a group of individuals applied for a charter to conduct a corporation for a certain purpose and the State then granted that charter, that the charter when so granted constituted a contract between the State and the men composing the corporation, that they should and could conduct the enterprise or business as provided in the charter.

The provision of the Fourteenth Amendment, assuring civil rights to all persons and denying to the State the right to treat individuals in unequal ways, was right then and right now, and it really should be invoked at the present time to protect the unequal taxation of property when held by individuals in their own names and when held by the same individuals through the medium of a corporation. Nobody would have dreamed a few years ago that anyone would seriously propose a few years later to plunder and deprive part of our citizens of their civil rights or that property held by a group of individuals unpartitioned would be taxed differently than the same property if divided up among persons interested in it in proportion to their interest therein. These provisions and amendments were for the purpose of insuring a fair deal and equal treatment to all property, and under such laws it was impossible for grafters and socialists to oppress it. The

modifications have been secured by demagogues to enable the political grafters to get at it.

When our Constitution was adopted this country was poor and every one knew and appreciated the need for increased production and of thrift and saving in order to create the capital for further development. This was the reason why such protection was insured toward accumulated surplus and the evidences of industry shown in the improvement of unimproved land, but it is not true that the Constitution gave any special privileges or powers to property. It only insured equal treatment to property and ignored entirely the fact that it might be owned by an individual or by several individuals associated in a corporation. If ever a Constitution justified itself, it is ours by our growth of prosperity under it.

It has been claimed that the Government in our Constitution, attempted to divide the powers between property owners on one hand and the non-property owning voters on the other hand, but this is not so; the drafters of the Constitution did not recognize the fact that there could be non-property voters, but only that there might be the ignorant and unthinking on one hand and educated, responsible people on the other. It recognized the necessity of conserving property and making it worth the individual's while to create property, so the Constitution carefully forebade either the legislative authorities or the executives from interfering with the rights of property, however held. This protection assured to property by our fundamental law made it safe for every individual in our country to

engage in creating property and it has been due to this policy that we have grown in a hundred and thirty years to become richer than all the countries of Europe combined with their population four times greater than ours, and their thousand years of production and accumulation behind them. What Americans should realize is that Europe has become intensely jealous of our prosperity and that the recent propaganda attacking wealth has originated in Europe, and is being urged here in an effort to destroy our prosperity, eliminate the theory of government on which our practice is founded, and drag us back to a par with Europe.

Ferrero, the Italian Historian, after an exhaustive investigation and study of conditions in America, declared that: "The great growth of wealth in America has been due to the freedom and private initiative granted to individuals which was the underlying principle of the American constitution, while in Europe personal freedom and private initiative is limited on every hand by the control which the State retains over all enterprise." He was particularly impressed by the fact that the richest man in America, Rockefeller, lived in a perfectly plain five-story brick house in a side street in New York, which an ordinary merchant of Europe would scorn to live in; that the residence of Mr. Morgan was small and unpretentious and could not have cost a fraction of what he had spent on his library; that although Carnegie had built libraries like palaces all over America he lived in a house which an ordinary European nobleman would scorn,

and that nowhere in America did he find anything to compare with the hundreds and hundreds of palaces built by royalty and nobility in Great Britain and the countries of Europe. He noticed another thing: wherever he went in America among the homes of the rich, he saw many books and great libraries, and much of the world's finest art, but few jewels."

There has been much talk of privileged classes and piling up of wealth through privileges, but I have never yet seen a single one of these protestants, who was able to mention a single privilege that any man held. The truth is that there is no such thing as privilege, except a privilege to work and a privilege to serve others by doing for them what they are unable or unwilling to do for themselves. It is common to refer to the laws as having granted privileges to someone, but the truth is that the laws have never granted privileges, but have always been attempting to interfere with natural equality, or economic laws, by attempting to take away from successful individuals the right to do the things which they have learned to do better than anyone else. It has been pretended by a school of political philosophers that the protective laws in this country were for the benefit of the wealthy, but it is not true. Protective laws operate not for the benefit of wealth or of capital but for the benefit of labor, and there is not a possessor of wealth or capital who does not know that he would be richer and better off if all protective laws were repealed and there was free competition of labor throughout the world.

The folly of those who pretend that the fortunes of American manufacturers are due to privilege is shown in the fact that in this country, Socialists claim that the high tariff that has built up industry has been responsible for the grinding down of labor and the creation of unearned fortunes for the manufacturers in protected industries. But the disproof of the protective tariff as a reason for creating the fortunes made by those engaged in these industries is shown by the fact that fortunes just as large have been and are being made in Great Britain by the manufacturers in the same line under the conditions of free trade, and that the same conditions which laborers here complain of as being due to a protective tariff are complained against by the laborers of Great Britain, who lay their conditions to the evils of free trade. The truth is that privilege has nothing to do with the condition of labor in either place but is due to the ignorance and thriftlessness of labor itself, while neither protection in America nor free trade in England, prevents men of managerial ability from manufacturing their goods and selling them at a profit.

The attacks of demagogues and agitators upon wealth and capital has always been professedly based on the pretended crimes and misdeeds of wealth and capital, but in truth, they have never been anything else than blackmailing expeditions on the part of legislators and politicians back of them.

Missouri, bringing its well-known and widely advertised suit against the Standard Oil Company, exulted over the judgment of ouster, but when the Standard

Oil Company started to tear down reservoirs which could not be sold, and to demolish its hundreds of stations, and to discharge its thousands of employees, the State realized that the injury to itself was far greater than any possible injury to the Standard Oil Company, and so instead of enforcing its judgment of ouster, which it had secured on professedly high moral grounds, it proceeded to dicker like the blackmailer, which it was, over the payments and terms which the company should make for the privilege of continuing to serve and enrich the inhabitants of the State.

Arkansas brought suits for penalties aggregating sixty-five million dollars against sixty-five insurance companies doing business in that State, but when the companies instead of offering to pay, withdrew from business in the State, and the citizens found it impossible to secure insurance, the blackmailing suits were abandoned.

Kentucky sued the Southern Pacific for four million dollars. Texas collected a fine of two million dollars from the Waters-Pierce Oil Company, and the United States Government, advertising widely the alleged frauds of the American Sugar Refining Company started the suits that it brought against that company for two million dollars, but carefully concealed from the people the fact that, during the period covered by the alleged irregularities, the Sugar Company had paid without question, three hundred and thirty-four million dollars of duty and that the amount involved in the so-called "irregularities" was less than two-thirds of one per cent.

The attempt to attack corporate wealth has led to the passing of some of the most extraordinary laws ever conceived by disordered human minds. In Kentucky, a law was passed prohibiting any railroad from owning or operating more than a single bridge across the Ohio River, and having passed the law, the Louisville & Nashville Railroad was thereupon indicted for owning two bridges across the Ohio, although one of the bridges was at Cincinnati and the other one at Henderson, Kentucky, two hundred miles farther west. The Delaware, Lackawanna & Western Railroad was indicted, convicted and fined two thousand dollars for hauling hay over its own road to feed the mules that were working in its mines, and the Chicago & Alton Railroad was fined thousands of dollars for hauling freight at a rate that had been published and in use for fourteen years.

Not content with passing laws that make crimes out of conducting business in the usual way, both Congress and state legislatures have passed laws which business men simply cannot comply with, but in the enforcement of these laws it has been shown plainly that they have been passed for the purpose of plundering the industrious and thrifty and the skillful. (Witness the penalty imposed on all educated professions in the last income tax law.) In principle, these laws have been the same as if a group of pygmies had passed a law making it a capital crime for any man to grow over six feet high, on the ground that a giant of that size would be dangerous to the safety of the little men, or for a race of lightweights to pass a law mak-

ing it a crime for any man to weigh over two hundred pounds on the theory that no one could weigh so much without eating more than his share of food and becoming stronger than it was safe for the rest of the lightweights to have around, or for a race of men with defective vision and deaf ears to pass a law making it a crime for anyone to see over a mile, or to hear calls or sounds from a distance of over a thousand yards, because, anyone with such excellent vision or good hearing was unfairly endowed considering the handicaps of his associates.

It costs four times as much in proportion to haul a train of broken car lots as it does to haul a solid train of wheat or packing house products, but the small dealer, who for lack of capital or business ability is compelled to do his business on a half-carload basis, protests against his wealthy competitor receiving a freight rate on his trainload that is economically justified, and the unthinking masses of the people listening to his clamor believe, or at least pretend to believe, that to give the big shipper the rate which his business warrants is giving wealth an unfair advantage over the poor little shipper. If the unthinking masses would only stop to consider, they would realize that they have not only done an uneconomic thing in prohibiting a low rate to the big shipper but that they have done a foolish thing in charging themselves more than they ought to pay for shipping what they use, in order to keep alive a little business man, who from an economic standpoint should be driven out of business. In other words, the masses of the people listening to the clamor against

wealth have needlessly imposed upon themselves the burden of supporting a great mass of incompetent, inefficient and uneconomic businesses, that are able to live only by reason of charging the people more than the people ought to pay, and they have by their attacks upon wealth and their uneconomic legislation directed against wealth and capital deprived themselves of the economical and efficient service that can only be theirs through the instrumentality of large wealth.

The unreasonableness of the regulation of railroad rates, or of the rates for electric light and power, or gas, is shown when you attempt to carry the principle into other fields. Everyone knows that efficiency of railroad management had resulted in great reduction in railroad rates, and that new discoveries and new machinery, which have been possible only by the use of large wealth and capital, has not only made much better the lighting facilities but greatly reduced their cost to the masses of the people, who are their users. But although farm machinery has been greatly improved and plows and tractors have made cultivation cheaper, while binding harvesting machines have greatly cheapened the cost of harvests, and threshing machines and flour mills have cheapened the cost of threshing the wheat and turning it into flour, the price of bread is higher than it has ever been in the history of our country.

The farm upon which the wheat of this country is raised did not cost originally to exceed over one dollar and a half an acre, so with cheap land we have the first factor warranting a demand for cheap flour, and

it can easily be shown that with the perfection of farm machinery it costs scarcely twenty per cent as much to raise wheat as it used to cost. It would, therefore, be far more reasonable to pass a law declaring that the price of wheat should not exceed sixty cents a bushel and should be reduced two cents annually until the price of thirty-five cents a bushel had been reached, than it is to pass a law declaring that the price of gas should be one dollar per thousand feet and be reduced five cents per annum for the next four years, or that the price of electric current should be 10 cents a kilowatt and should be reduced one cent a kilowatt annually for the next four or five years.

The public has seemed to think that having once induced the investment of wealth in public enterprises it has had that wealth where it could not afterwards withdraw either from public service or from public plunder. But in some communities at least the plundering public is learning otherwise. Hostile legislation, the forcing by law of high wages on public utility corporations, and the denial of living service charges, forced the closing down and dismantling of not less than forty public utility properties in the United States last year, involving in the aggregate, several hundred miles of electric railroad and considerable withdrawals of service even for light and power. This should be a warning to the public, for it is only a question of time when the properties which are still able to exist will, if further plundered, be compelled to follow those that have ceased business and withdrawn their public services.

Some of our managers of great wealth have been weakening under the pressure and proposing a compromise with banditry. Judge Gary recently said that: "The rich must surrender some of their property lest they invite loot." In the first place, this proposition is immoral, and in the second place, it would defeat the very purposes for which it was made. It amounts to nothing more nor less than submitting to blackmail, or buying peace with horse thieves. The first surrender would simply invite additional demands until they became unsupportable, and would end as it has in Russia, in the looting and destruction of everything, which Judge Gary seems to hope would be avoided by the surrender.

The creators of wealth, and the builders of hospitals and libraries, are frequently criticized on the score that they are building monuments to themselves with money that should be distributed among the poor. But the truth is that money distributed among the poor without the poor doing anything in return for it, is money that might just as well be burned up, for if it feeds the poor in idleness, it simply adds to their helplessness and their feeling that they should be supported out of charity and do nothing to help themselves. The best possible way of giving to the poor is to use surplus wealth and capital in the construction of great public works, where any and all men seeking work can come and find something to do, and taking home his wage at night, he can feel that he at least has done something to earn what has been given to him, while had it been distributed among the "poor," every

recipient of the gift would have known that he had done nothing to deserve it.

The "Independent" in an editorial not long ago, declared that: "It was the business of the voters to see to it as rapidly as possible that the Supreme Court be constituted of men capable of grasping the idea that property, like the Sabbath, was made for men and not men for property." This demagogic statement ignores the fact that all property is the creation of some man and is in the possession of the man who creates it, or of the man who takes care of it, not of he who wastes it. A fool and his are soon parted, whether his property be money or cattle or lands, and the school of agitators who are so virtuously attacking wealth are simply urging that instead of the responsible and conservative people controlling government and property, all those of ability shall be deposed in favor of the irresponsible, the thriftless, the ignorant, and the vicious, hoping doubtless to see repeated in this country the debacle now being carried on in Russia.

Those who feel that there is an unequal distribution of the surplus product of the world, and who argue that it should be re-apportioned or destroyed, ignore the fact that in a world where all the individuals are to share equally, it involves a sharing of the losses as well as the profits, and that any one who devoted his time to unproductive labor or to a hunt that failed would be entitled to share the product of productive labor. This labor has never been willing to do even if it were able, which it is not, for it is never in possession of sufficient surplus to care for itself through a period

of idleness much less take care of a fellow-worker who found that his crops had failed because he neglected to plow, or that his hogs had died in an epidemic because he refused to innoculate. If you cannot share losses, you can have no equitable claim to share profits.

A recent editorial declared that: "The criticism of government management of railroads is chiefly due to the increased wages for workers." It shows that the increase of wages since the government took over the management of railroads, amounting in the aggregate to over Eight Hundred Millions of Dollars, amounts to an increase of Four Hundred Dollars per year to each employee of the railroads, and then attempts to show that this increase is only costing the rest of us about ten dollars apiece per year which, added to our present cost of living, it argues, is so small that we have no right to complain.

Now if the Four Hundred Dollars a year increased wages to each railroad employee had been made possible by some extra efficiency on the part of these employees or by some increased service to the rest of us there would be some excuse for the raise of wages, but when it has been clearly shown that the increase in wages was granted to the railroad employees in response to a blackmailing threat on their part that they would deprive us of railroad service, and when as has been demonstrated the increase in wages has resulted only in additional demands and threats, and in decreased efficiency and less train service, then the rest of us have a right not only to demand that the wages be reduced to where they were before, but that they

be reduced still lower to the point where they are no more than an equivalent for the service that these railroad employees are grudgingly rendering to the rest of us.

The same paper further argues that this $800,000,000 a year in increased wages to railroad employees is rapidly spent. "What becomes of this billion dollars," it asks, "do the railroad employees hoard it or store it away or invest it and become plutocrats? Not at all," it answers, "they get it on Saturday and on Monday they, and their wives spend it, leaving nothing out of the sum added to the accumulated surplus of the country." On the other hand, it argues that if this $800,000,000, or billion dollars, a year, was saved as the result of efficient operation and added to the dividends of the railroads, the money would go into the banks to be stored away and added to the fund of those who already have enough. Good pay, it argues, means good times, and it claims that all great national enterprises, railroads, telegraph and telephone lines, public works, city enterprises, street cars, electric lights, etc., can pay the highest wages without increasing the charge to the public.

It ignores entirely the fact that these great enterprises, which it now wants to be plundered for unearned wages for employees, could never have been built in the first place, had it not been for accumulated wealth, and that the attacks on accumulated wealth, the confiscation of incomes and the plunder of private property by recent socialistic legislation has so put a stop to the production of surplus and the accumulation

of wealth, that there is now no wealth or capital for the further construction and extension of these great enterprises; that not only are no new enterprises being built nor are existing ones being expanded, but that it is impossible to raise capital for the maintenance of these great enterprises which are rapidly deteriorating and failing in their public services to such an extent that it will not be long until they will be unable to employ anybody or pay any wages, much less the inflated, unearned wages, which are now forced out of them by blackmailing, socialistic and plundering legislation.

The recent tax legislation passed by Congress was a deliberate attempt to plunder capital, or accumulated wealth, and in spite of the fact that the Supreme Court twice over-ruled this deliberate blackmailing legislation, Congress for a third time attempted to do the same thing. In the past two years the taxes paid by the United States Steel Corporation have been $507,754,000, or a sum greater than its entire common stock issue; greater than the total revenue of our national government for any year before the year 1900. Such taxation amounts to nothing less than the confiscation of property, or wealth.

While the rights of property were respected, construction, new buildings, development, characterized the growth of New York City, but recent taxes have so plundered property owners in this city that new construction and development have come to a standstill.

Similar legislation applied to railroads long ago stopped any further railroad enterprise, and the present legislation if not immediately repealed will kill all industry and initiative in this country. What inducement is there to do business or to promote new enterprises for the employment of labor, if not only all the income but the principal itself is to be taken for the payment of wages and taxes? Under present conditions few will undertake new business, and then only in those lines which constitute nothing more nor less than a gambler's chance, with probably a greater likelihood that they will lose the capital hazarded than that they may make anything.

There is no pretense on the part of the great railroad labor unions that their abnormal wages have been secured or can be retained except by threats, and by the actual destruction of property, if their threats are not considered. Mr. Garrettson, the spokesman for the railroad brotherhoods and unions, in a recent investigation before Congress, testified as follows:

"Any attempt to reduce wages is going to strengthen the avowed forces of discontent. As one who knows the danger this country is facing, I tell you we are as near a powder mine as one can imagine. Unless we are prepared to rectify conditions to a very considerable degree, we shall only add to the strength of the flame which at last must communicate itself to a sufficient body of the people as to upset that which has been created by the fathers, who set up this government."

In other words, the railroad union deliberately threatens the rest of us that if we do not submit to

their demands, they will start a revolution and overthrow not only our government but our form of government.

When the construction of railroads was originally begun, it was undertaken by the people who had such wealth as then existed. They believed that it would be a profitable investment for their surplus savings, to serve the people of the country at large by giving them cheaper and better transportation, but after they had invested their money many times not only without profit but often with actual loss, a school of political philosophers arose, who argued that these investments could not be regarded as intended to be profitable to the people who put up the capital that made possible their construction, but that the construction of railroads was solely for the benefit of the general public and that cheap transportation should be furnished to the general public regardless of whether it paid any return to the capital expended in the construction of the railroads or not.

This school of "Economists" has now been superseded by another, which pretends to believe that the railroads were built, neither to secure a profitable return for the capital invested nor to render cheap and efficient service to the public, but solely for the benefit of those employed in running the railroads and that they have the right not only to deprive the capital invested of any return but to raise the rates paid by the general public regardless of the service furnished, or its efficiency, and to distribute the proceeds of the increased rates among the bandit unions which have

seized possession of the railroads, and which threaten, if they are not permitted to hold up the entire country for their own benefit, that they will not only deprive the country at large of railroad service but will destroy the railroads themselves.

## Chapter VIII

# DESTROYERS OF WEALTH

*Shall Those Who Choose Not to Work be Permitted to Live by Plunder?*

THROUGH all the material progress of the Race the instincts of the human individual have remained the same. The motives moving man today are identical with those that stirred the primitive man. It has always been the instinct of the savage, of the child, of the ignorant, and the superstitious, to destroy that which they cannot understand. This instinct is directed not only to the destruction of physical objects, but to the destruction of individuals, who have thoughts and who teach ideas beyond the comprehension of the ignorant and superstitious.

It is this primitive instinct which is at the bottom of race antipathy, each clan, tribe or race, hates and strives to destroy those who are unlike themselves. It is this same instinct which makes the thrifty dislike the unthrifty; which makes the lazy hate the industrious; which makes the unclean despise the clean. It is hard to recognize these primitive instincts today, for our civilization is so complex, so elaborate, so ornate, so decorative if you please, that it lends itself to pro-

tective "coloring." It offers the wolf, the fox, the weasel, the hog, and the jackal, many disguises.

But if you want to understand the conflicts and the problems of the present day, it is only necessary to strip away the camouflage of civilization. Reduce the problem to its primitive terms, strip it of its disguises, and you will recognize it at once. You will find yourself confronted by the world-old problem:

SHALL THOSE WHO CHOOSE NOT TO WORK BE PERMITTED TO LIVE BY PLUNDERING THOSE WHO DO WORK AND WHO SAVE, OR ATTEMPT TO SAVE, THEIR SURPLUS PRODUCT IN ORDER TO GAIN TIME TO THINK?

The most primitive instinct of all is to seize what one desires rather than to work to create it. The present attacks upon wealth simply show the primitive savagery and economic ignorance of those who advocate the seizing and appropriating to their own use that which has been made or saved by others.

Those who attack corporations, are like the foolish savage who smashes a fine watch because he cannot understand the cause of the ticking inside and does not care to know any distinction of time between sunrise and sunset.

The attacks upon wealth must be judged primarily not on their ethical unsoundness, nor by the hardship that they impose upon the possessors of wealth and the individuals who have practiced thrift for one or more generations, but by their result to and effect upon the idle and ignorant mass of people, who have

done nothing of themselves to create or to assist in creating the wealth that having enjoyed they are now attempting to destroy. If it could be shown that the condition of the ignorant, uneducated, and inefficient mass of the people was actually better by the destruction of wealth, created and conserved by the efforts of others, they would be as justified in destroying it as they would be and are justified in destroying dangerous wild animals, or the other things of nature that are destructive of human life. But the facts are that wherever wealth, or the thing created by wealth, has been destroyed, labor, itself, has been the worst hit.

The use of wealth in production has increased the opportunity of employment for the masses, it has furnished them with facilities for creating more product with less physical labor; it has raised their standards of living; it has reduced the cost of the product to the consumer and immeasurably improved the quality of the product. It has so multiplied the Race's power of production that the poorest laborer is now able to live in substantial houses with pure water on tap, with bath-rooms, with electric light, with a fuel economical beyond human dreams, all of which were unknown to and impossible to be secured by Kings and Princes up to a hundred years ago, and the only possible effect of the destruction of wealth would be to rob the masses of these comforts and more or less reduce them to a primitive state of existence.

The attitude of Labor towards Wealth is like that of the degenerate who after having ravished his beautiful victim deliberately destroys her.

The masses, who are engaged in attacking and destroying wealth, profess to believe that all property is theft, and Lenine and Trotsky, both German followers of Marx, who first really attempted to justify this principle, are giving the world a practical demonstration in Russia of the truth or falsity of the Marx theories as to who are the creators and the proper conservators of wealth.

A sympathetic German observer, Hans Forst, who has been investigating conditions in Russia, reports:

"At every corner in Petrograd and in Moscow, so-called 'Liquidation Bureaus' have been established, in which household goods of all kinds, furs, clothing, linens, furniture, objects of art and antiques, are sold at ridiculously low prices, if indeed, they can find a purchaser at all, for who cares to buy when the requisition and confiscation of their furnishings is in full swing? If purchasers are found at all they are speculators who hope to hide the cheaply-purchased articles until other times, or who understand even now how the goods may be gotten abroad by bribing and smuggling. Great consignments of these liquidated Russian antique rugs, works of art and jewels have gone across the seas on Swedish ships.

"The only possibility of improving the conditions of the working classes is by increasing production, but the productivity of labor has sunk lower and lower by degrees. To conserve the food supplies of the city, the council of the people, the commissioners, passed a resolution ordering into exile out of the city the so-called 'parasitic elements,' capitalists, manufacturers,

bankers, property owners, merchants, and all persons who had no specially paid work. But the social revolution in Russia has begun to realize that socialism instead of organizing production has taken possessions from their owners and divided it among the masses of the poor, but this cannot last much longer, and the working class are beginning to realize that they will have to starve and freeze in the dwellings of the rich as long as this economic destruction continues. *The working men everywhere complain bitterly that though everything belongs to them they are unable to get a living."*

Doctor Ross, investigating the conditions in Russia since the Bolshevik control has been in force, says:

"Not only was the working day shorter but it was broken by tea-drinking, smoking, chatting and political discussion. Whenever they felt like it the men held a meeting; they would leave their machines to talk politics. The men usually required a time-wage to be substituted for piecework, and at once there was a marked falling off in productivity.

"In last July (1918) the output per man in the munition factories of Petrograd was only one-quarter of what it had been before. The labor men, themselves, frankly admitted the great slump in productivity but said it did not all lay in labor, part of it was due to the gradual depreciation of machinery and to a decrease in the supply of raw materials, which of course simply meant that the producers of raw material were falling off in their productivity as were the factory hands themselves. The 'Boss' could do little

to speed-up his men for he possessed no power. The workmen had perceived the necessity of protecting their spokesmen and leaders from the resentment of the boss, so his right to discharge any man was subjected to the veto of a committee of the factory workers themselves. In one factory the workers drove their manager out, but a week later, implored him to come back because they knew not where to buy additional raw material or what kind to order. In another case, the owner of a factory was driven away by the workmen who took over the plant for their own benefit and attempted to run it. When they had used up the supplies of raw materials on hand and sold the manufactured product and appropriated the proceeds for themselves, they found themselves without means for buying more raw material for manufacture. They then began to sell machines out of the works to get the means for buying more raw material but when they had secured the raw material they found that they had sold some of the machines necessary for working it up and that their factory was useless."

This report is made by a man who has lost at least one university position on account of his advocacy of socialistic principles.

The consideration accorded to striking union labor in our country during the war has been an invitation to Bolshevism. When labor threatened to strike, with threats of sabotage and actual attempts at it and the Administration compelled employers to raise wages as it had before compelled the railroad companies to raise them by the passage of the Adamson Law, it

convinced union labor that the Government was afraid of it, and it proved to labor that it needed only to repeat this threat of strike with threats of sabotage, to gain other and additional increases. This it proceeded to do, until now it is impossible for manufacturers to find any market for goods made by labor at the present scale of wages, and labor, when it finds that threats are powerless to secure additional raises, will be compelled to make good on its threats and practice sabotage, and once the destruction of property begins the reign of Bolshevism is at hand. The increases of wages granted to union labor under threat in the last three years are nothing more or less than ransoms paid for immunity from bandit attack like those paid to Mexican Revolutionists, who are patriots for plunder only. It has been like turning over to highwaymen your pocketbook and jewelry under their threat of taking your life!

The editor of the "Marine News" is authority for the statement that during the past year (1918) shipyard labor of the United States averaged twice the pay that it did four years ago and that the output of the men averaged only fifty-five per cent of what it did before the war broke out. Double pay and only half as much produced, or a cost per unit of production, four times as great.

Mr. Peiz, the Director General of the Emergency Fleet Corporation, declared that: "Labor had been deliberately slack during the war. In the Atlantic Coast shipyards workmen received $2 for the same time that a year ago brought only $1, but that the individual

output was only two-thirds of what it had been a year before." So that the unit of cost production during the war was only one-third what it was at the beginning of the war. In other words, bandit labor compelled us to spend three times as much of the nation's wealth, or accumulated surplus, to produce our war material and defeat our enemies, as it would have cost had labor worked honestly and patriotically for the wages that it was receiving at the beginning of the war.

It must be recognized that what was produced by labor for war purposes was produced for the purpose of destruction, and most of what was produced, either was destroyed or will be practically destroyed by being junked, as it has no other purpose except for war. If, therefore, labor had been willing to work for what it got before the war, only one-third as much of our national capital or wealth would have been consumed or destroyed by the war as was consumed and destroyed, and our national debt instead of being $25,000,000,000 would only be eight or nine billion dollars. But labor deliberately blackmailed every man who had a savings-bank account or a home or property of any kind and compelled us to mortgage our homes, our properties, our business and our income for the rest of our lives in order to pay to union labor blackmailing wages that amounted to substantially twenty-five billion dollars.

One of the results of this blackmailing on the part of labor has been the construction of a fleet of ships by our Government at a cost of from $200 to $300

per ton, while England is producing ships at a cost of $50 per ton, and Japan at a cost not much in excess of $40 per ton, and yet some demagogues are pretending that it will be possible to operate these ships built at such extravagant costs and compete with England and Japan for the carrying trades of the seas. It is a safe prophecy that not one ship of these built by blackmailing labor during the war will ever carry a cargo in competition with the ships of other nations, and that unless sold for $40 or $50 a ton to the business men of other nations and operated under foreign flags with foreign crews, they will be tied up at their docks and rot to pieces where they float.

Mr. Frank Vanderlip recently stated that: "The cost of working a ship under American laws and socialist wage provisions is four times as much as it is for working a Japanese ship and twice as much as for working a British ship." But he pretends to think that in spite of this handicap, American ingenuity and brains will in some way make it possible for the United States to operate our ships, which have cost from four to six times as much as Japanese and English ships have cost, at a profit. He is indeed an optimist, for it is impossible to see why anyone with the genius necessary to accomplish this miraculous feat would waste his time in attempting to do it with American ships. However great the genius of such a man might be, he would go to Great Britain or Japan and exercise his genius there, where, with the lower costs of construction and the lower costs of operation, his genius would get from four to six times greater

return than it would in attempting to do the impossible in this country under the American Flag.

It is time for this country to appreciate the significance of the threats of Mr. Gompers, who is the spokesman for Organized Labor. He has declared: "All labor will fight to the last gasp to maintain the wages and hours it has won through the war."

While the war was in progress there were many who were willing to pretend that labor was patriotic, because they feared that by recognizing and boldly stating the true attitude of labor, they would incite it to increase its blackmailing demands. But does Organized Labor think, now that the war is over and the tax-payers, the farmers, the clerks, the merchants and the rest of the country realize that labor has by its inordinate and outrageous demands caused the war to cost $25,000,000,000 more than it ought to have cost, that they are going to permit labor to keep on sucking blood from the rest of the country? How do they think that the $25,000,000,000 of wealth that was destroyed by the war is to be replaced? Is this destruction of accumulated surplus to be replaced by encouraging still shorter working hours, less production by everybody and costs from three to six times greater than they were before?

The attention of the soldiers, particularly, is invited to the attitude of labor that stayed at home. While they were at the front exposing their bodies and risking their lives for a dollar a day, Organized Union Labor at home was demanding and receiving from ten to forty dollars a day and slacking up its output

to fifty per cent of what it was before the war. And now the soldiers have come home to take up work, where everything they do is being taxed to pay the $25,000,000,000 of debt which was imposed upon the country in order to pay the extravagant demands of the labor that stayed at home and risked nothing.

Labor, which during the past two years has been forcing by its extravagant and unjust demands the wanton destruction and consumption of $25,000,000,000 of our National Wealth, is now anxiously inquiring why someone does not come forward with the money to finance the great peace-time projects that were being talked about before the war was ended. If labor had proved its ability to conserve its earnings it would find itself in possession of much of the $25,000,000,000 of capital, or wealth, that it has wrung out of the rest of the country and ought to be in a position to finance its own needs for some time to come without asking the rest of the people to hazard any more of their accumulated surplus for the benefit of labor. But there is one particular thing in which labor always shows its discretion and that is its absolute refusal to put any confidence in or any financial backing behind labor. It never backs itself.

One of the most trenchant criticisms of Organized Labor is one recently made by Sir Charles Allon: "Democracy has never been a good judge of leaders. Labor mistakes itself for democracy. By organization it controls much yet it has failed completely. Everybody but labor itself knows that it has failed. To organize a strike is not success: to have had to

strike is a confession of failure. Think of the differences of the ideals and character of the man who went to the trenches and gave his ungrudging best efforts, his best brains, and his life, if need be, with that other man who spent his time in slothful folly in the factory under trade unionism. When union labor men take twice as long to build even their own houses they increase their own rents in proportion, and in this method of stretching out hours they have increased the cost of living to themselves before they increased their wages. The laboring men of the United States in not using their brains and their hands for their own good are losing $4,000,000 an hour, while by their slovenliness they are costing themselves nearly $9,000,000,000 per annum which they might produce more than they do, if they would.

"Rich men are the mainspring of enterprise. Rich men are rich not because they have robbed the workingman but because they succeed in getting the workingman to do as much as they do in spite of the workingman's having robbed himself."

In answer to Sir Charles, labor quotes Colonel Roosevelt, who declared that: "It is essential that we should wrest the control of government from the hands of rich men, who use it for unhealthy purposes." But he neglected to mention by name any of these mythical rich men who controlled the government, or who controlling it used it for unhealthy purposes.

One of the greatest troubles of the present time is that these attacks on our men of brains and ability and on those who either have, or have the ability to

accumulate wealth, have made men of such endowments withdraw from public life and refuse public service. The men who under ordinary circumstances would be seeking out new enterprises, creating new industries and developing the undeveloped parts of the world are now doing nothing.

Those who are attacking wealth pretend, now, that they are only attacking "swollen fortunes" but it will not be long until finding that these are difficult to find, they will attack and plunder not only the modest fortunes of the so-called "well-to-do," but the trifling savings of the ordinary mechanic, storekeeper, school teacher and clerk, and with capital destroyed and driven from public use, the ignorant will then learn to what extent they had been dependent on the possessors of brains, ability, character and wealth.

Among the things assured to our people by our Constitution was "life, liberty and the pursuit of happiness." Certainly this means to assure comfort and ease in age and support out of property saved during a life of thrift. Do you want this right to be taken away from you? Or do you prefer to look forward to an old age supported by old-age pensions, which may or may not exist by the time you reach that period, for by that time the teachers of unthrift may find the pension fund dissipated and decide that social economy requires the immediate execution of those who are no longer able to work and support themselves?

Most of those who rail at wealth are men who care so little for their families and make so little provision for them that when their children are born their wives

are compelled to go to the public hospitals, created and supported by the wealth which their husbands are attacking, and when they die the chances are ten to one that they are buried at the expense of some charity that has been created by the very wealth that they have been trying to destroy.

What the ignorant mob cannot see or understand, is that the man of brains or of wealth must make twenty dollars for them in order to make one for himself. In their effort to prevent him from making anything, they rob themselves of twenty times more than he could possibly make for himself.

## Chapter IX

# PROGRAMME OF LABOR

*It Proposes Nothing Less Than a Reversion to Savagery*

EVERAL years ago (1909), I listened to a course of lectures by Dr. Frank Fetter of Princeton University, on "The Development of Social Legislation." He showed how the conscience of Britain was stirred by the exposure of the treatment of the idiots and insane in their poorhouses, and how legislation was passed to take care of those who were incompetent and unable to take care of themselves, either through lack or loss of their minds. With this beginning, he showed the growth and development of social legislation to take care of other incompetents. First, it extended the Government care to orphans, children without any natural guardians, who were unable to take care of themselves; then to women, who were regarded as being so much controlled by their affections and their passions, or by the men to whom they were married, that they were unable to do what was best for themselves; and finally, how it had extended from controlling the conditions of labor for women to controlling the conditions of labor for men, and had finally concerned itself not only with wages and the hours of

labor but with everything that concerned the social condition under which labor was performed.

At the conclusion of his course of lectures, the Professor invited me to make such comment or criticism as had occurred to me from hearing the lectures.

I replied, that to my mind the most significant thing brought out by his whole course of lectures was the fact that union labor by demanding and securing the passage of the social legislation which he had described, had voluntarily classified itself along with the incompetents, and that it had by its demand for such legislation confessed itself to be incompetent to take care of itself, both as to social conditions and the negotiation in regard to wages. That if labor claimed that it was able to take care of itself, the legislation demanded was absolutely indefensible and could not be justified, but if in connection with the request for such legislation the incompetent character of labor was acknowledged, the legislation could be justified, but that incompetent labor could not then be heard to dictate the terms of the legislation. That the legislation proposed for the protection of incompetents must be prepared and approved not by the incompetents but by those who were best able to protect and take care of the incompetents.

Doctor Fetter replied that he had never heard such a revolutionary idea advanced in connection with social legislation but that he was compelled to admit that it seemed sound and that he had not at the moment any answer to the proposition. That was years ago but he has not answered it yet.

Socrates recognized the inability of the people to know what was good for themselves and drafted a prayer for the Athenians to address to their gods: "Give us what is good for us, whether we pray for it or not, and divert from us the evil for us even though we pray for it." Labor might well adopt this prayer.

Labor, which is so industriously attacking wealth on the pretense that wealth represents something stolen from labor, little realizes how much it is dependent for what it enjoys, including the very opportunity to work, to the existence of this wealth, which makes possible extraordinary spending in the gratification of extraordinary wants. Many of the things that labor is engaged in producing are truly luxuries, and cannot in any wise be classed as necessities, and would not be made at all if it were not for the accumulated surplus which enables the possessors of it to require extraordinarily fine work and to pay skilled workmen extraordinary wages in return for fine work.

The economies practiced by our women in the matter of fine clothes, laces, etc., brought about by the thrift campaign for war purposes, well-nigh bankrupted many of the greatest stores and factories and drove many laborers from the production of such goods into munition factories and war work. The present unemployment of labor is doubtless due in part to the fact that women have not yet begun buying luxurious clothes, laces and fine linens on the scale that they did before the war.

I wonder if the people of America realize that it is only through our great corporate combinations, our

great trusts, if you please, that the cost of living has been so reduced in proportion to the wages of labor: the hours of labor have been shortened, production has been greatly increased and they have been enabled to take the time to read and misinform themselves and discuss and denounce the very institutions that have made possible their leisure in which to indulge this pastime. The President of Cornell University, in an address to the Socialist Club of that school said that: "Socialism claims to be a gospel of justice, but what is justice? Economic justice," he declared, "is to be realized not by the enactment of socialism but by the abolition of special privileges." I ask the distinguished gentleman to show me the legislation, or in fact, any legislation that has granted special privilege except to labor? He further says that: "The improvement of the condition of the toiling masses is the supreme problem of our age." But has it not been shown again and again that people resent being clothed when they prefer going naked? They resent being washed when they prefer going unwashed? When will these loose thinkers and still looser talkers realize that the only sort of improvement that truly improves is that which individuals do to themselves and for themselves? The only improvement that is ever permanent is that which grows out of a desire in the minds and hearts of the people themselves. It is useless to talk of improving toiling masses of people. They must improve themselves. It is useless to wash a hog for he will at once return to his wallow.

This University President also said that: "Poverty exists because nature is niggardly and because man, if not lazy and thriftless like the savage, is ignorant of the mystery of nature and unsuccessful in coping with her." A statement scientifically true and one which absolves every person in the world from any responsibility for the poverty of others. If any man labors where nature is niggardly it is because he is too stupid or too lazy to move himself to some place where nature is more beneficent. If he is ignorant of the mysteries of nature he can by study solve them as have others, or if too lazy to do that, he can share with someone who has solved these mysteries, his own increased production in consideration of the mysteries being explained to him, which, by the way, is what he does.

In early days the knowledge of how to do things in different lines was regarded as a craft or trade secret and would not be imparted by those skilled in making any particular line of articles, except to others who apprenticed themselves to them for periods of years, nominally for the purpose of learning the craft or trade secrets, but really paying by several years of service for securing possession of the craft or trade device or method. And if unskilled, man may by industry become more skillful, or again by making it worth the while of some skillful individual secure from him instructions on how to become more skillful.

The people, who attack wealth, do not realize what they are doing, and it is common even among those who should know better to express fear over the

growth of wealth. Now you must realize that wealth is nothing more or less, and never can be anything more or less than the surplus of production over consumption. The increase of wealth means nothing but that as a people, we are increasing the surplus of what we produce above what we consume, and so piling up that surplus to be used in all the possible ways in which such a surplus can be used.

We have not yet begun to use that surplus as we should, because we have had so many uses for it here in our own country in developing the still undeveloped portions of our own national territory. But when we realize that our own country is the best developed country in the world, that practically half of all the railroad mileage on the earth has been built in our own country, that more than two-thirds of all the telegraph and telephone lines in the world have been built and are in our own country, that eighty per cent. of all the automobiles built and in use in the world are in our own country, and that the rest of the world is waiting for similar development, we must see that far from discouraging the creation and accumulation of surplus, or wealth, that we must increase it, and turn our surplus, our capital, to the developing of China as our own country has been developed; to the development of Australia; to the development of Africa and South America.

To attack wealth is to attack thrift. To appropriate the surpluses thus created means to discourage work, and there is no possible stopping between the two attitudes toward civilization. If you preach thrift you must protect created surpluses. If you attack

created surpluses you kill thrift and turn labor back to the point where there is no object in producing anything more than the individual can consume.

The movement for shorter hours is primarily a movement directed against surplus production. It is intended to reduce any possible production to the point where a surplus will be impossible. It is, therefore, directed primarily against the possible creation of any wealth, and is an effort on the part of unthinking labor to reduce the whole world to a condition of living from hand to mouth.

The programme proposed by labor needs but to be studied to demonstrate that it proposes nothing less than a reversion to savagery.

Let us state labor's programme in its own terms, and let us see where labor's programme leads us.

Labor has asked, first, for shorter hours because it claimed that it was producing more than could be consumed, and was therefore piling up a surplus which being in the control of others gave those, who controlled it an undue advantage over those who produced it.

Second, labor asked for higher wages or a larger share of what it produced, claiming that since it was the producer of all this product, that which was consumed as well as the surplus that remained above ordinary consumption, it was entitled to a larger share of the product so that there would be a smaller surplus left in the hands of those who controlled that surplus.

Third, having secured shorter hours so that the total product of their labor would be less and having

secured a larger proportion of what they produced as its share, labor next insisted on cutting down the product per man to what the poorest workman in the lot could produce.

But while insisting on curtailing the product, labor was unwilling to accept any less amount of the product for itself, so that the sole result of curtailing the product was not to reduce the amount of the product that labor received but was to reduce the surplus left over for those who had gathered the material for labor to work on and who protected the surplus for distribution during times of temporary shortage.

This process has been continued until surpluses have been consumed in some lines, as in coal, in which line labor has succeeded in decreasing its hours and increasing its proportion of the product until the surplus has been entirely consumed. And labor now attempts to take advantage of the necessities of the other branches of industry by refusing even to produce coal unless the others will permit labor engaged in coal mining to make two or three times as much as labor in other lines of industry.

It is easy to see where this is going to lead. The producer of wheat will refuse to give the producer of coal, wheat that it takes him two days to produce for coal that it takes the miner but one day to produce. The spinner of wool is not going to give the product of two days of his labor to the coal miner for the product of one day of his labor. Before they will do that, they will quit producing wheat and weaving cloth, and go to producing coal themselves. Now when the coal miner finds them doing the work that he re-

fused to do, he will be compelled to attempt to prevent them—that would mean a fight.

When the miner found the clothing man refusing to furnish him clothes, he would attempt to raid the clothing store and help himself, and when he found the groceryman refusing to sell him food, he would raid the grocery store or the bakery shop, with the result that the bakers and the grocery men and the clothing men would organize themselves together to protect themselves against the raids of the miners, and they would either wipe the miners off the earth or reduce them to a condition of subserviency, where for a time at least (that is until they could recognize the fact that they were no better than other men) they would be compelled by force to remain in a position of slavery to the others. (See how quickly the problem and the conflict reduces itself to the identical level of the primitive men).

The movement for the curtailment of production is for the purpose of letting consumption continue until it has wiped out all surpluses. Each trade hoping in this way to force all others to become dependent upon it.

The wiping out of all surpluses means that the whole race must go back to the stage where it lives a precarious existence, where the race has no time to give thought to anything else but finding each day that with which it may feed itself. If, for any day, it should fail, failure would mean hunger, and hunger would mean raids and raids would mean reprisals.

Being compelled to devote all of his time to the search for food and shelter, no human being would

have time for thought or for study, or for invention. With no time for study, there would be no time for education. With no time for thought above the physical fact of living and keeping alive, there will be neither religions nor morals. There were neither religions nor morals before wealth creation began and there can be none when wealth has vanished, for when self-preservation becomes the sole object of existence, the race is reduced to the stage of animal existence and becomes like animals, unmoral.

It is time for the educated idiots that run our universities and the sympathetic simpletons that occupy the places of prominence in the church to realize that by their sympathy with and their support of labor unionism and socialism, they are encouraging a course of human action and of human conduct that will ultimately destroy them, their professions and the idols which they worship.

The Board of Bishops of the Methodist Episcopal Church have recently sent a pastoral letter to the eighteen thousand ministers of their denomination, in which they declare: "We favor an equitable wage for laborers, which shall have the right-of-way over rent, interests and profits."

They do not attempt to say what an equitable wage shall be, and ignore the fact that no wage can be equitable which is uneconomic. The first necessity for wage earners to get any wages at all is that the industry must live. When they propose that the principal or plant shall be plundered to pay wages that are not earned and that cannot be paid out of profits, they

are proposing nothing less than what the Bolsheviki in Russia are practicing and the results will be the same.

Next they say: "We favor collective bargaining." There is no law in the world prohibiting collective bargaining, and no one objects to it. There is nothing to prevent any man, who is not able to drive a good bargain for himself from hiring another to represent him, nor is there anything to prevent a hundred or a thousand incompetents from appointing guardians over themselves to represent them and to make a collective bargain for their services. The thing that is objected to and which is uneconomic and immoral, is the attempt to compel the efficient, capable individual to abide by a bargain made for a thousand incompetents by their guardians and deny to the efficient, capable man, the right to bargain for himself and if possible to make a better bargain for himself than the collective bargainers are able to make for themselves.

The Bishops also say: "We favor advance to the workers through profit-sharing and through positions on boards of directorship." This is chiefly words. For everyone with practical experience knows that the employers of labor are constantly looking among their workers for men of ability and ambition who are able to climb higher. If the Bishops mean no more than this there is little excuse for what they have said, but if they mean anything else, it must mean that a share of profits shall be given to those without ambition or ability or that places on Boards of Directorship shall be granted not to those who seek efficiency and economic operation, but to those who will seek to prevent the company from being success-

ful and getting the work out of the men that they ought to get. Such a procedure is like voluntarily exposing one's self to contagion of a disease invariably fatal. The idea has been tried in Russia and failed.

Lenine, in addressing his followers, candidly confessed that: "If socialism is to prevail it must show a production and efficiency superior to capitalism, but that efficiency is possible only when a 'boss' is instantly obeyed. However free a citizen may be outside of the factory, once within the factory and under the direction of a 'boss,' whom he himself has helped to select he must serve that 'boss' with military quickness and exactness. If we cannot get production otherwise it may be necessary to give the 'boss' the right to inflict the death penalty on the worker who refused to obey orders as a court-martial does on a mutinous soldier."

This is the logical end towards which labor's program leads.

Eighty years ago, in the United States Senate, Daniel Webster said: "There are persons who constantly clamor, they complain of speculation and of the pernicious influence of accumulated wealth. They cry out loudly against all banks and corporations, and all means by which small capitals become united in order to produce important and fundamental results. They carry out mad hostility against all established institutions. In a country of unbounded liberty they clamor against oppression. In a country of perfect equality they move heaven and earth against privilege and monopoly. In a country where property is more evenly divided than anywhere else, they rend the air shouting agrarian doctrines. In a country where the

wages of labor are high beyond parallel, they would teach the laborer that he is only an oppressed slave. They would shock the foundations of industry and dry up all the streams."

In this country of ours we have developed the greatest power of production in the world. A power of production so great that not only can we not begin to consume what we produce, but it has been estimated that we can produce in this country eight times as much as we can consume. Manifestly, the prosperity of this country will not be maintained by curtailing our production, but rather in seeking to sell abroad our surplus. If we do not sell abroad or invest abroad a large part of our surplus production or wealth we must reduce our production at home. Reduced production means less work, less work means less wages, less business of all kinds and gradual stagnation and hardship. Look at the damage that has been done to the people of Russia by their senseless destruction of their own power of production. Yet this is the direct result of that kind of "Public Ownership" which is urged by labor as a cure for our ills here.

The kind of public ownership that we want is not the irresponsible, wasteful and destructive ownership advocated by labor and socialistic propagandists. If the public want real public ownership they have only to interest themselves in the businesses engaged in serving them. The only proper kind of public ownership is ownership by the citizens of all classes of the stocks of our railroads, our public utility corporations and all those other great companies, engaged in feeding or satisfying the imperative needs of the people.

If the discontented laboring man would work a couple of extra hours a day for a year and invest the surplus so created in stock of some one of the businesses engaged in public service, and would thereafter devote a little intelligent study to the conditions under which, that or other businesses must be conducted, we would have real public ownership of the kind that would practically put an end to the discussion of the senseless kind promoted by the professional critics of wealth.

When one appreciates the sanity of this proposition, it seems reasonable to propose that no citizen should be permitted to vote on a question involving a public service proposition unless he could show that he had created some surplus by his work and invested that surplus in the public service corporation under discussion. In other words, if he is not a stockholder in the proposition he should not have a vote. The irresponsible will always be numerically in the majority, but granting the interest of the mass of people in the direction of government, and granting that their interest in successful government is greater than all other interests, it by no means follows that the mass of their interest is entitled to direct the state, or that civilization will be better protected by permitting to their mass of mediocre minds the direction of the society.

A pilot who knows the rocks is a far safer navigator for the ship of state than any crew, however numerous who know nothing of navigation and who have no acquaintance with the shore.

## Chapter X

# WEALTH OR NO WEALTH

*What Did Poverty Ever Produce?*

PRIMITIVE man produced nothing. It was for a long time possible for him to find in nature by a little search all that he could consume. But as population increased in the favored spots, effort became necessary in order to assist nature to produce enough to supply the wants of the increasing population.

The beginning of wealth was when the foresight of one man caused him to save what had formerly been thrown away. From that day till this, the creation and conservation of wealth has always been a triumph of judgment and of will over instinct and desire. To continue at work after hunger is satisfied is an intellectual feat. A combination of that judgment, which assures us that the continuing of work under present favorable conditions will create and pile up a surplus, that will enable us to take rest at a time in the future when rest will be more needed, and the exercise of will power to keep at work, which our judgment tells us is expedient. You know that no man can consume all that he can produce.

The truth is that every man is born to be rich, and that those of us who are not, are not, because of some

weakness of our own which we are unable or unwilling to curb or to overcome.

Did you ever as a boy, get up early and do your chores before breakfast, so that you could have the rest of the day to see the circus or to go to the fair?

Your efforts to do your allotted task in a shorter time than usual in order that you might have hours or days that you could not otherwise have for pastime or study, are based on exactly the same principle as that involved in all surplus production or wealth accumulation. It is the effort of individuals to work a little harder or a little longer and to produce more than they need for the consumption of a day, a month or a year, in order that they may enjoy a later period for recreation or study, or work of a kind that they prefer, without being under the necessity of working every day for that day's support.

Remember wealth is not mere production! A vast production that is totally consumed creates no wealth. You may produce ten times as much as another man produces, but if you consume all that you produce while he saves even a small surplus of what he produces, he is richer than you. Wealth is only what is left over after consumption. It is the surplus stored up, like the fat on the bear that enables it to live through the winter without other nourishment.

It is time for our political philosophers to recognize and to teach that it is impossible for wealth to be created dishonestly. The existence of capital is proof of the fact that some time, some where, some how, some one worked more than he needed to work, created more than he could consume and with foresight

saved it. There never was and never can be any wealth or any capital created except by work which is productive and creative. The possession of wealth, or capital, in the hands of any other than those who created it is proof of the incapacity of the original creators to properly protect it, or care for it, or use it, and is proof that it has in compliance with that higher and fundamental law of use, passed into the hands of those, who can or at least have the courage to make more or better use of it.

Labor, itself, has always obeyed this law of use. In primitive times the roving and unattached individuals sought out and attached themselves to those chiefs, leaders, or "bosses," that were able to make use of them and so make better provision for them than they could make for themselves. Leadership, therefore, fell to the man who was the best fighter, the best hunter, the best herdsman, the best agriculturalist, and in these days, to the man who is the best industrialist. The incompetents, even while protesting against their leaders, have always sought to work for and put themselves under the direction of the abler and more resourceful individuals of the race.

In primitive times, the accumulation of surpluses, or of wealth, was more or less accidental and haphazard. It was always local. For it was impossible with the then means of transportation and communication, to use the surplus, or wealth, that existed in any one part of the world for the relief or development of any other part of the world. Yet every evidence that we now have of the civilization that existed in the past is due to the use of the wealth that then existed, in

expressing its thoughts, its ideals and its aspirations, in the monuments, the images, the rock cut caves, the temples, the walls, the canals, the pyramids, and other monuments of the past.

Before you commit yourself to a civilization based upon the absence of wealth, you should take stock of the things that you most need, that you most use, that you most enjoy, and then consider that everything that we regard as indispensable in our lives; everything that is expressive of what we call civilization today, would not have been devised and never could have been made or done had it not been for the existence of great surpluses of great wealth.

And further that they cannot exist or continue to be made for your use and enjoyment except by the creation of still greater surpluses, or wealth.

Only by the accumulation of surpluses in the form which we call wealth is it possible to build those great works and monuments that are the pride of our civilization. Only because of their wealth was it possible for the Medici to keep Michelangelo working for years at those wonderful tombs and monuments that are the chief art treasures of Florence today. Only the wealth of a Medici pope made possible the work of Michelangelo at St. Peter's and the Chapels of the Vatican. The inspiration that has come to every one, who has ever been permitted to look upon these artistic masterpieces, has only been possible because of the accumulated wealth in the hands of those who were in this way able to support the great master while he achieved these wonders.

Did anyone ever hear of a great cathedral being built or a great artistic masterpiece being created through the penny subscriptions of the poor, or the dollar per capita contributions of the improvident?

What would the genius of a James Watt have been worth without capital? But by the use of the then existing wealth, he turned coal and water into steam and revolutionized the use of power, relieving for all time the race of man from the burden of winding windlasses or working pumps, and practically eliminated men and animals from the work of transportation.

It is doubtful whether our American Colonies could have won their independence had it not been for the wealth accumulated by George Washington and Robert Morris.

We would today be without railroads, steamships, telegraphs, telephones, electric lights, pure water, steamheat, phonographs, moving pictures, vacuum cleaners and all those other things that make life today endurable, had it not been for wealth, created and saved by the judgment and self-denying will of those who placed it in the hands of scientific men, who used these accumulations in the creation and development of these wonderful public servants. A development that they have continued until all these things have been made so cheap that their use is practically universal among the peoples pretending to civilization. We, in this country, cannot even imagine what the world was like before they came into use.

Such relief as was given to stricken people in the case of the Galveston flood, or of the San Francisco

fire, or of the Italian earthquake, was impossible in ancient times and would remain utterly impossible even in this day without the existence of accumulated surpluses or wealth, dispensable by scientific methods under modern conditions.

Without accumulated wealth, such great works as the construction of New York City's subways, would have been impossible, and all our people who now use them would either be cut off entirely from their present employment, or be compelled to take hours to reach their work.

When I think of all these things, I wonder that a Socialist, or a Bolshevik, will ride on a railroad, or use any of the multitude of modern devices invented by the intellectuals, whom they denounce, and built or constructed by the wealth, which it is their declared purpose to destroy! Conscientious practice of the principles that he professes would require the Socialist, the Bolshevik, and the I. W. W. to go down to the river to get his drinks, and to walk wherever he goes, unless he is able to get some fellow to carry him.

Without accumulated wealth the recent triumphs of mankind over nature would have been impossible. The Suez Canal and the Panama Canal would still remain dreams.

Without accumulated wealth the hospitals of the world would remain unbuilt, and such extraordinary benefactions as the Rockefeller Medical Research, the Rockefeller Medical work in China, and the Educational Foundation, would not only be impossible but would be unthought of. But for the wealth of America and Great Britain the world would now be under

the domination of the exponents of force and plunder.

Destroy wealth and you kill education. For only by the creation of surpluses, is it possible for any individual to take time off from daily work to study. Abolish wealth and you abolish libraries. You abolish even the use or need of libraries. For when everyone is living from hand to mouth, as the labor programme seeks to compel, the pursuit of food will leave no one time for reading or contemplation. Destroy wealth and you make impossible everything in the way of art. The success of the propaganda against wealth would further necessitate the destruction of all art now existing, for fear that some seeing the remains of the art produced in an age of wealth might argue that it would be well for the race to return to the conditions of a civilization that made the production of such art possible. Destroy wealth and you put an end to scientific investigation. Who can study while hunger calls? Everything you have or need or use or enjoy is the product of wealth. Wealth! created not by ignorance and labor but by brains.

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## WHAT DID IGNORANCE AND POVERTY EVER PRODUCE?

The man, who never produces any surplus but who works each day only enough to provide that day's consumption, is the man who is truly poor. Poor, because, he never accumulates the surplus that enables him to take a day off for recreation or study. Poor, because, the daily grind of satisfying the demands of

his stomach leaves him unable to do anything for the cultivation of his mind. When you realize that this is the essential quality of poverty, of poverty the result of ignorance and the creator of ignorance, and as such the creator or cause of all those vices and diseases that thrive because of ignorance; when you realize this then you see the moral heinousness and economic folly of a social philosophy that pretending to wish the betterment of mankind, in fact preaches and practices a curtailment of production that forever fastens poverty and ignorance on those who practice its principles.

Labor complains of the high cost of living, and blames this high cost on the existence of wealth. It professes to believe that only by the destruction of wealth can living be made cheaper. The truth is that rising prices which produce the high cost of living are the result of a consumption greater than production. The only way to reduce the price is to increase the production, yet labor insists on shorter hours, the curtailment of production, and fights every effort to increase production, which alone can reduce the cost of living. And further than this, labor strives to destroy all surplus production, or wealth, which alone can keep prices down and the cost of living low.

Remember that wealth is nothing but surplus production created and piled up in excess of consumption. Wealth is over-production, and over-production always tends to reduce prices and lower the cost of living. Over-production, or the production of a surplus in excess of consumption is the creation of wealth.

It is, therefore, only by wealth production that we can reduce prices and lower the cost of living.

On the other hand, wealth destruction, the consumption of surpluses and the curtailment of production, means rising prices and the raising of the cost of living to a famine level.

It is time for everyone to appreciate that the more of surplus, or wealth, that there is created, the more there is for distribution, and the more there is for each and every man.

It is perfectly plain that we can better our condition only by accelerating the production of wealth, and that can only be done by removing all obstacles to wealth creation, by the universal use of every labor-saving device that the intellectual Caesars of our race have been able to invent, and of offering even greater inducements to the Caesars of genius living, or that may come hereafter, to devise even more wonderful instruments for wealth creation than any that have been conceived or devised in the past.

The issue is plain. A race afflicted with hunger and cold gives no thought to the immortality of the soul. It was only after the abolition of hunger and cold that the race began to develop intellectually, morally and spiritually. And, if the era of hunger and cold shall ever return, it will drive from the thoughts of men everything that we now know of spirit, of morals, or of intellect.

Wealth or no wealth? Comfort or no comfort? Education or no education? Progress or no progress? Art or no art? Civilization or no civilization?

It is useless to complain of the endowments that nature has given or has failed to give to any of us. We may not have been given the brains or the ability or the talent ever to be leaders, but we may at least conquer our primitive instincts of wolfishness and thievery enough to enable us to accept the leadership and direction of those abler than ourselves and share in their prosperity.

If you want to prosper get in line with those who prosper, that is, with those who produce.

Wealth seeks the hands of those that give it its greatest use and activity, and labor of its own accord seeks employment where it can be directed by the best brains, because there it gets the better job, the best wages and lives the best. Who ever prospered by working with a business that failed?

I have called attention to the fact that wealth is produced not by labor but by brains. The image or mark of the Caesars of Invention, of Transportation, of Business, is stamped upon every device of the civilization we enjoy today. Look at the things all about you by the use of which you live; whose image does it bear? Watt's, or Field's, or Edison's, or Rockefeller's, or Carnegie's, or Armour's, or a hundred other names that I might mention.

Do you complain that these men have enabled you to produce more and to live better than your fathers, or your grandfathers, ever dreamed of producing or living? Will you accept the leadership of those, who advise you to throw all this away and go back to living with only what you can make and do for yourself, or will you help preserve what you now enjoy, and if you

use and enjoy the inventions and devices of other men, if you accept the service of their superior brains, if you seek their direction and leadership, because by so doing you do better for yourself, can you doubt the justice of paying tribute to them?

There was in days of old a people who enjoyed peace at the hands of Caesar and in their peace they prospered. But they complained that out of their prosperity they had to pay tribute for the peace and protection that they enjoyed. They sent to a wise man, who they knew neither cared for nor feared any man, not even Caesar, and asked him what they should do. He asked them to look at the symbol of the peace and prosperity that they accepted and enjoyed and behold, it bore the mark of Caesar and he said: "Pay Caesar for that which you owe to Caesar." It was the way of Truth and Justice then and it remains so forever!

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